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Karadzic Confident Plan To Be Accepted

LD0502112993 Belgrade TANJUG in English 1113 GMT 5 Feb 93

[Text] New York, February 5 (TANJUG)—Bosnian Serb leader Radovan Karadzic has expressed confidence that all three sides in the Bosnian conflict—Moslems, Serbs and Croats, will in the end accept the peace plan for the former Yugoslav Republic of Bosnia-Hercegovina which was proposed by cochairmen of the conference on former Yugoslavia Cyrus Vance and Lord Owen.

Karadzic on Thursday [4 February] told reporters at the United Nations (U.N.) headquarters in New York that he believed the United States (U.S.) would support the peace plan, despite signals from the White House that Washington was considering its own version of a peaceful solution to the Bosnian crisis.

High officials with the U.S. Administration have made it clear to Vance and Lord Owen that they would not pressure Bosnian Moslems into accepting the agreement, which encouraged the Moslem side to make difficulties at the New York talks, continuing to rely on a foreign military intervention in Bosnia-Hercegovina.

Pointing out that the U.S. had so far favored the Moslem side and that this had cost the Bosnian Serb side many casualties, Karadzic said that Moslem leader Alija Izetbegovic in every way wanted to provoke a foreign military intervention in Bosnia-Hercegovina, and that Moslem forces were killing innocent civilians and members of the U.N. peace force. The Bosnian Serb leader told reporters that peace in Bosnia-Hercegovina could be achieved only through the agreement of all three warring sides, and certainly not through foreign interference.

In a statement to AP, Karadzic warned that if the North Atlantic Treaty Organization (NATO) or the U.S. launched a military action against Bosnian Serbs, his forces would not be able to guarantee the security of French and British U.N. troops or U.S. troops. "Nobody can guarantee anything. Serbs would never shoot at American soldiers, but if someone interferes and generates a new chaos, anything can be possible," Karadzic said. Karadzic assessed that there would be no lasting peace in Bosnia-Hercegovina without the ethnic separation of Serbs, Croats and Moslems into separate provinces. "If we don't do the right job, we will have years and years of anxiety and unrest," he said.

Karadzic said that claims about the expulsion of Moslems and Croats and massive rapes by Bosnian Serbs were propaganda and lies. "What happened in this war was never ethnic cleansing, it was ethnic shifting. It was not done by Serbian authorities," Karadzic said, pointing out that certain ethnic groups had voluntarily moved in order to join their compatriots.

The beginning of the New York round of the Bosnia-Hercegovina talks began on Thursday at a slow pace and without any major surprises. Karadzic, who will meet with Vance and Lord Owen today for the first time in New York, launched an unprecedented media campaign on Thursday. He gave many interviews to U.S. papers, radio and TV stations. Bosnian Croat leader Mate Boban spent the day similarly, while Moslem delegation head Haris Silajdzic, who represents Izetbegovic who refused to come to New York, was not seen at the U.N. headquarters at all on Thursday.

In the first phase of the New York round, bilateral talks will take place between representatives of the warring sides and Vance and Lord Owen, and it is expected that joint meetings will later be held with all three warring sides.

It is uncertain for the time being how the U.N. Security Council will join the talks. It is expected to use its authority to persuade the leaders of the three Bosnian peoples to accept and respect the Vance-Owen peace plan. The peace talks on Bosnia-Hercegovina were last week adjourned from Geneva to New York under auspices of the U.N. Security Council.

Gorbachev's Office Denies Plan To Chair Talks

LD0402234493 Belgrade TANJUG in English 2331 GMT 4 Feb 93

[Text] Moscow, February 4 (TANJUG)—Former Soviet President Mikhail Gorbachev received no invitation to take over as cochairman of the conference on former Yugoslavia once U.S. diplomat Cyrus Vance withdraws, TANJUG was told Thursday [4 February] at Gorbachev's office in Moscow. In fact, no confirmation or denial was forthcoming from Gorbachev's office that he would accept such an offer if it came.

It was rumoured in Moscow lately that Gorbachev may become politically active again, although Gorbachev, himself, declined any comment on this. Unofficial sources "leaked" Thursday for the first time that allegedly Gorbachev was to be offered to cochair the Geneva conference on former Yugoslavia.

Yugoslav press reported Wednesday that Vance was leaving the post of cochairman, because, he was, reportedly, asked to join the administration of U.S. President Bill Clinton.

Butrus-Ghali Says UN Supports Peace Plan

LD0502103293 Belgrade TANJUG in English 0939 GMT 5 Feb 93

[Text] New York, Feb 5 (TANJUG)—U.N. Secretary-General Butrus Butrus-Ghali says that the United Nations, specifically its Security Council, upholds the peace plan for war-shattered Bosnia-Herzegovina proposed by international mediators Cyrus Vance and Lord Owen.

Butrus-Ghali on Thursday [4 February] met with Yugoslav Foreign Minister Ilija Djukic. The talk was attended by Vance and Owen, who cochair the Geneva-based

conference on former Yugoslavia, and by Yugoslavia's Ambassador to the United Nations Dragomir Djokic.

Djukic said all sides to the Bosnian conflict—Moslems, Serbs and Croats—needed peace and the Federal Republic of Yugoslavia was in favour of a lasting and just solution based on the Vance/Owen peace package.

He pointed out the dangers inherent in Croatia's aggression on the U.N.-protected Republic of Serb Krajina (R.S.K.) and said it was necessary Croatia met its obligations under the U.N. Security Council's resolution no. 802 and opened direct dialogue with Krajina Serbs at the United Nations.

Resolution 802 demands of Croatia to halt its operations against the Serb-populated areas, begun on January 22, and withdraw its troops to behind the truce line. However, Croatia has been steadily ignoring the resolution and continuing its invasion.

Butrus-Ghali and Vance paid tribute to the wise and moderate conduct of Yugoslavia (which comprises Serbia and Montenegro, after the secession of Slovenia, Croatia, Bosnia-Hercegovina and Macedonia from the original six-republic federation) in the crisis caused by Croatia's aggression on the R.S.K.

The secretary-general informed Djukic he would soon publish a report on the mandate of U.N. peacekeepers in the U.N.-Protected Areas (UNPA's) in former Yugoslavia.

On Thursday, Djukic met with the British and Chinese ambassadors to the United Nations, and is on Friday scheduled to meet with the French and Russian ambassadors and the cochairmen of the Geneva conference.

The peace talks on Bosnia-Hercegovina were adjourned from Geneva to the United Nations last week, and are continuing under the aegis of the Security Council, which is to pronounce itself on the Vance/Owen peace package.

CSCE Decides To Double Missions in FRY

LD0402230493 Belgrade TANJUG in English 2236 GMT 4 Feb 93

[Text] Prague, February 4 (TANJUG)—The CSCE senior officials committee decided Thursday [4 February] to double the number of monitoring missions in Serbia's provinces Kosovo and Vojvodina as well as in the Raska (Sandzak) region. Their number is to rise from 20 to 40.

The committee also decided to create the office of sanctions coodinator, to control the application of U.N. sanctions against the Federal Republic of Yugoslavia (F.R.Y.) imposed in May last year. The sanctions coordinator is to be Italian diplomat Antonio Napolitano.

The aim of the CSCE monitoring missions on the territory of the F.R.Y. was to control the respect of human and minority rights of ethnic Albanians (Kosovo and Metohija), ethnic Hungarians (Vojvodina) and Moslems Raska (Sandzak) region and help in establishing dialogue between the minorities and the authorities. The national minorities in Yugoslavia enjoy all the rights provided for by the international norms, but ethnic Albanians in Kosovo and Metohija refuse to recognize the authorities of Serbia and Yugoslavia and urge secession the province's and joining to neighboring Albania. Moslems in the Raska (Sandzak) region support the policy of Bosnian Moslem leader Alija Izetbegovic and seek special status for the region.

The F.R.Y. was last summer suspended from the work of the CSCE over its alleged responsibility and involvement in the war in the former Yugoslav Republic of Bosnia-Hercegovina. The F.R.Y. is not militarily engaged in Bosnia-Hercegovina, while more than 60.000 regular Croatian troops were fighting alongside the Moslem-Croat coalition against the Bosnian Serbs.

The committee adopted a report of a CSCE mission, which established there were no detention centers for civilians, i.e., for Moslems from the war-shattered Bosnia-Hercegovina. The mission, headed by British diplomat Sir John Thomson, made a two-week tour of the Yugoslav Republics of Serbia and Montenegro. Despite such reports, it was decided to send yet another mission to Serbia and Montenegro, more or less of the same composition as the last, which was to complete the data on the human rights situation and investigate possible existence of concentration camps.

The decision was taken at the insistence of a delegation of Moslems from Bosnia-Hercegovina and a delegation of Croatia.

An ethnic, religious and civil war raged in Bosnia-Hercegovina for ten months between the Bosnian Serbs (31 percent of the population) and the local Moslems (44 percent) and Croats (17 percent).

Asked by newsmen why had the committee adopted only three technical decisions and that the absence of political stands on the situation in the former Yugoslavia was evident, Swedish diplomat and CSCE Chairman Andreas Bjurner said this was because the committee did not want to prejudice the course of the talks which had begun in New York.

The committee did not discuss Yugoslavia's status in the CSCE and Yugoslavia continued a suspended member until further notice.

The three-day CSCE committee session, dominated by the Yugoslav crisis, closed on Thursday evening in Prague.

Meksi Says Expected Results Attained in Italy

AU0502085593 Tirana Radio Tirana Network in Albanian 1430 GMT 4 Feb 93

[Interview with Prime Minister Aleksander Meksi by Tirana Radio reporter Arben Karapici, in Tirana on 4 February—recorded]

[Text] [Announcer] As we hear from our reporter Arben Karapici, Prime Minister Aleksander Meksi returned home today after a three-day official visit to Italy. Both Deputy Prime Ministers Kopliku and Uka, Foreign Minister Serreqi, and other members of the democratic government were at Rinas Airport to wait for him. The Italian ambassador in Tirana, Torquato Cardilli, was also at the airport. On this occasion, our reporter conducted this interview with Mr. Meksi:

[Karapici] Mr. Prime Minister, can you give us your opinion about the most important meetings and what you discussed in them?

[Meksi] The most important meetings were those with the pope, the Italian prime minister, transportation minister, and other Italian personalities. Concerning the goals we intended to discuss, such as the problems of the situation in the region, economic relations with Italy, and specific problems in special fields, we can say we attained the results we expected and hoped for. Both with the pope and prime minister, we discussed the problems of the political situation in the region, the difficult situation the Balkans face now, and the need for an intervention as quick and decisive as possible to solve this danger to peace in general, not only for the Balkans. We persisted in this until the end.

[Karapici] Let us speak about the meeting with Prime Minister Amato.

[Meksi] Besides this topic, in the meeting with Prime Minister Amato we discussed the problem of bilateral relations between Italy and Albania in the field of economic cooperation, intergovernmental credits for infrastructure, airports, roads, etc., and in the field of relations in general, such as in science and culture. Our goals were to preserve the levels we have just reached with the joint commission so as to fulfill all duties. We also had specialists with us who made the necessary contacts at the Foreign Ministry. We can say that we also learned how to deal with some procedures that were not quite at the required level.

[Karapici] Thank you, Mr. Prime Minister.

EC Observers Visit Diber-Macedonia Border Area

AU0402214093 Tirana Radio Tirana Network in Albanian 1430 GMT 4 Feb 93

[Text] A group of EC observers recently visited the area along the Diber District border with Macedonia. They were received by and held a conversation with District Council Chairman Mentor Bumburi.

Spartak Topollaj, chairman for district interborder relations, reported on the situation along the Albanian-Macedonian border.

The European observers assessed the efforts by the Albanian side to avoid any border incidents.

Foreign Minister Serreqi To Visit China

AU0502113893 Tirana ATA in English 0918 GMT 5 Feb 93

[Text] Tirana, February 5 (ATA)—At the invitation of the adviser of state and minister of foreign affairs of the People's Republic of China, Qien Qichen, the minister of foreign affairs of the Republic of Albania, Alfred Serreqi, will pay an official visit to the People's Republic of China from February 12-15, 1993.

During this visit, Minister Serreqi will meet with senior state personalities, with whom he will discuss the further development of the relations of cooperation between the two countries. In this context, agreements are expected to be signed between Albania and China in order to encourage and protect the investments and to pass from the trade exchanges in kind into ones with free currency.

Officials, German Specialists on Agriculture Issues

AU0302142993 Tirana ATA in English 1124 GMT 3 Feb 93

[Text] Tirana, February 3 (ATA)—On February 2 the third meeting of German-Albanian working group was held in Tirana. It was attended by members of the Albanian Government, the Minister of Agriculture and Food Rexhep Uka, the Minister of Construction and Adjustment of the Territory Ilir Manushi, the Deputy Foreign Minister Arjan Starova, and other representatives of the government.

Attending were also members of Hans Saidel Foundation represented by Mr. Cosmala and two specialists by the State Ministry of Bavaria for food and agriculture.

This activity is intended to provide assistance to overcome the hardships in agriculture taking advantage of the German experience in compliance with the circumstances of Albania. The German aid will be given in the first place to the structuring of the agricultural administration.

The main aim of the meeting was the creation of an Albanian state foundation with the support of the Foundation Hans Saidel, which should create the institute for economic cooperation, and which will lead to the creation of the international centre to stimulate investments. This foundation will have no profit aims. It will use the eventual profits for the training and qualification of the people in various fields.

The meeting pointed out that the creation of the international centre to stimulate investments will consist in

the creation of a complex of offices for about 40 international firms, in the creation of 1,000 work fronts and in the organisation of the international conferences and symposiums in the fields of economy, finances, and management.

Following the discussions, bearing in mind the objective difficulties, the parties agreed in principle for the creation of this Albanian foundation.

Ruli Rejects Border Crossing Reports

AU0402183493 Tirana ATA in English 1108 GMT 4 Feb 93

[Text] Tirana, February 4 (ATA)—In the sitting of February 2 of the People's Assembly, the Vice Chairman of the People's Assembly Mr. Tomor Malasi gave the floor to the Minister of Economy and Finances Genc Ruli to give an answer to a question made by the Deputy Perikli Teta in one of the former sittings. Mr. Ruli said: The report given in the newspaper LAJMETARI and later in REPUBLIKA for unlegitimate passing of the Hani i Hotit border point is not true. Four controls have been made by the Customs' Department, financial police, the Branch of the Public Order and the Service of State Control. The conclusion is that there is not any unlegitimate act or violation of the 787 resolution of the UNO [United Nations Organization].

Further on, the representative of the parliamentary group of the Democratic Party, Petrika Minga, declared that until the law on private ownerships has not been passed to the parliament, they do not agree to discuss on other draft laws, such as on the change of the Article 22 in the Law on the Sanctioning and Protection of the Private Property of Free Initiative, the change of the Law on Foreign Investments, on the Enterprises. Deputies of other parliamentary groups debated on this question.

The proposal of the parliamentary group of the Democratic Party was voted and approved by the deputies. The People's Assembly will resume its proceedings on Monday [8 February] at 1700 hours.

Greek Government Claims on Minority Rights Rejected

AU0402183793 Tirana ATA in English 1119 GMT 4 Feb 93

[Report on RILINDJA DEMOKRATIKE article: "Why Did the Greek Foreign Ministry Make the Statement"—ATA headline]

[Text] Tirana, February 4 (ATA)—The newspaper RILINDJA DEMOKRATIKE carries an article on the exchange of the two statements by the Foreign Ministries of Albania and Greece. As the newspaper puts it, they aggravate the problem officially raised by the Greek Government in the statement made on the 20th of January this year.

Our public opinion already know the claims of the Greek Government. According to them, no satisfactory steps are taken for observing the rights of the Greek minority. This seemed to be exactly the worry of the Greek party. Despite this it considered a success the visits of the Albanian Foreign Minister Serreqi and of the speaker of the People's Assembly, Pjeter Arbnori.

Not only in these visits but previously, too, the Greek Government was assured that the rights of the Greek minority in Albania are guaranteed according to the CSCE principles. Moreover the minority, just as all the Albanians, enjoys many rights which were not recognized by the former communist regime.

The concern of the Greek party has to do with obstacles raised in practising religion by the minority, which is also clearly expressed in another statements made by the spokesman of the Foreign Ministry. This statement clearly implied that it was a warning for Tirana not to dare expulse the Archbishop Anastasio from the head of the Albanian Autocephalous Orthodox Church, because this would have its impact on the relations between the two countries.

Had the Greek preoccupation to do with hierarchy in the Orthodox Church, the statement should not deal with the rights of minority in general, RILINDJA DEMOKRATIKE says. There was no need to include the problem of hierarchy in a wide range of problems, in that of religious freedoms and rights in general.

The Greek minority enjoys the freedom of religious faith, the freedom to practise it, the right of being taught religion, religious propaganda, etc. The law to be endorsed by the parliament soon will increase these freedoms, the newspaper says. Consequently the problem of the hierarchy in the Orthodox Church remains the basic issue of this statement. Are the Greek officials right when making such statements? The CSCE documents on the rights of different posts in the religious hierarchy say that the nations observe the right of religious communities to elect or appoint and substitute their staff according to their standards. This implies that the Albanian Autocephalous Orthodox Church itself appoints who will be at the head of this church and defines the prerogatives of the hierarch. This church has longsince decided to appoint at the head of it an arch bishop of Albanian nationality and it is incumbent upon the parliament to observe this fact.

Why shouldn't one observe the tradition of the Albanian Autocephalous Church to have an Albanian priest at the head? Why is such a problem concerning the orthodox religious community politicised by the Greek Foreign Ministry, which states that such action would aggravate the relations with Albania? What's the haste of the Greek party to make such statements when the law on religion has not yet been endorsed by the parliament, the more so when the parliament is sovereign?

Naturally the relations between Albania and Greece will not improve by means of hasty action, but unnecessarily

aggravate, the newspaper says in closing. It creates the impression that they are inspired by the mentality of such circles which seek to dishonestly take advantage of the great difficulties facing Albania currently.

Ruli Presents Commission With State Budget Bill

AU0302143993 Tirana ATA in English 1127 GMT 3 Feb 93

[Text] Tirana, February 3 (ATA)—The Press and Information Office of the People's Assembly reported that the permanent Commission of the Economy, Budget, Finances, and Trade of the People's Assembly convened on February 1. Invited in the meeting was also the Minister of Finances and Economy Genc Ruli, who reported before the commission of the work going on to present to parliament soon the draft law on the state budget for 1992 and the draft budget for 1993.

The deputies demanded that a medium term program on the development of the economy in Albania should be presented to the Assembly. Mr. Ruli explained that the respective ministries are working on this program which the government is going to coordinate with the International Monetary Fund. Within the first quarter of 1993 it will forwarded to the People's Assembly.

The Governor of the Bank of Albania Ilir Hoti briefed the commission as well. He spoke on the questions of monetary circulation, brought to the fore the improvements made and the measures for the reconstruction of the bank system and the restraint

NATO Representative Briefs Defense Commission

AU0402155193 Tirana ATA in English 0924 GMT 4 Feb 93

[Text] Tirana, February 4 (ATA)—The parliamentary Commission of Defence, Order, and National Information Service held a meeting with the NATO representative Nikola Suindjams, who presented a brief overview of this bloc. He dealt with the role of NATO to maintain peace and the current problems and the support Albania enjoys from some NATO member countries as the United States, England, etc.

Mr. Azem Hajdari, chairman of the parliamentary Commission of Defence, Order, and National Information Service took the floor. He made a brief presentation of the current situation in Bosnia-Hercegovina and the threat menacing the Albanians of Kosovo.

Those who took the floor discussed other mutual problems.

* Views of Islamic Community of Albania Leader

93BA0455A Skopje VECER in Macedonian 26-27 Dec 92 pp 12-13

[Article including interview with Efendi Hadzi Sabri Koci, head of the Islamic religious community of Albania, by Kjenan Mimidinovski; place and date not given: "We Are Restoring What Enverism Took From Us"]

[Text] *After a 50-year ban, following the advent of democracy, we have begun successfully to rebuild the faith of the citizens on an organized basis.*

In addition to all other misfortunes, the 50-year rule of Enver Hoxha in neighboring Albania led to the rule of real atheism in the country, and the harshest possible solitary confinement in Albanian jails was reserved for those who found it difficult to abandon their faith. The Hoxha system in Albania destroyed more than 1,600 mosques and about 570 churches; most of them were converted to cultural centers of the communist regime and government stores. Obviously, in that situation the clergy were hit the hardest. Such was the life of today's leader of the Islamic religious community of Albania, Efendi Hadzi Sabri Koci. Because of his faith, Koci spent a full 21 years in the strictest Albanian jails, most of the time in the notorious Spac Prison.

The restoration of religious traditions began with the democratization of the Albanian political system—with the victory of democracy in that neighboring country. It is believed that in Albania some 70 percent of the people are Muslim, 20 percent are Orthodox, and 10 percent are Roman Catholic. The three religious faiths have been very active of late. They are straightening and strengthening their ranks.

Such was the atmosphere we sensed at the seat of the Islamic religious community of Albania, in Tirana. During our stay in the Albanian capital, several delegations from Islamic countries visited Efendi Koci, the community's chairman. In itself, this proves that frequent contact are maintained between that community and other Islamic communities. Koci is a friendly person. In his office, we discussed all current problems facing the community.

Renovation of the Sites

[Mimidinovski] Efendi Koci, along with pluralism came the right to religious determination of the people in Albania. How great is the religious interest of the people?

[Koci] The fact of being under such a regime for 50 years, I think, in itself proves how much the people suffered. Religious beliefs were totally banned, and now love for God—for Allah—is returning. The system committed many sins. A big one was what it did to religious sites. During that period, the system destroyed more than 1,600 mosques and all Islamic cultural centers. With democratization we immediately organized ourselves with a view to the restoration and revival of the faith. We began our work with the help of the cadres which had "survived" the Enver Hoxha system, and religious faith began to return in all parts of Albania. There is a shortage of religious sites but we have had some success. Ten secondary Islamic schools have already been opened and in almost all areas of the country courses are being

offered to the youngest people, whether believers or people who know nothing about religious faith, as well as for older people. Interest in religion is high despite being kept in isolation for 50 years; we believe that those who are unfamiliar with the faith will master it with the help of our brothers in Macedonia and Kosovo, who are sending us religious books in the Albanian language.

[Mimidinovski] You mentioned that more than 1,600 mosques were destroyed. How many of them were restored?

[Koci] About 300 were either restored or built anew.

[Mimidinovski] What was the contribution and assistance of Islamic countries in this area?

[Koci] We were helped by several countries, including Libya, Saudi Arabia, Turkey, and others. We have also received quite a lot of assistance from Kuwait and some Islamic communities in the Netherlands, England, Belgium, etc.

[Mimidinovski] Hadzi Koci, there is talk of danger of splitting Albania on religious grounds.

[Koci] It is true that such a danger exists. There are forces whose purpose is to promote another division of Albania, this time on the basis of religious beliefs. Outside pressure is being applied to promote new faiths. We believe, however, that they will not be successful. If Enver was unable to accomplish this in 50 years it is quite safe to say that now no one else could succeed.

[Mimidinovski] Last month one of your religious newspapers wrote about a certain influence exerted by Italy and other countries.

[Koci] That is correct. There is Italian influence, although Greek influence is much more aggressive. Greece is committing a grave sin against faith and God. A condition for letting young Albanians to seek work in Greece in order to earn a living is demand to change their name and wear the cross. Such religious evil exists nowhere else. It is typical of the Greeks only. With this gesture, they prove their base feelings as people. In a large number of cases involving several dozen young Albanians, they have been given Greek Orthodox names. I trust, however, that this will not have a big influence, for they are Muslim. The names they are given there will remain there, in Greece, and these people will continue to be what they were.

Good Cooperation

[Mimidinovski] Is there cooperation with the other religious faiths in Albania?

[Koci] We have a good tradition of cooperation. In Albania the three faiths closely coexist. They behave like three good sisters. We do not impose religious thoughts on anyone. Let everyone follow his own path and wishes. We are, first of all, brothers, as Albanian citizens. All of us belong to the human race and have mixed blood relations (through marriage) regardless of our religious beliefs. We put our national feature first.

[Mimidinovski] What is your view on Albania's membership in the Islamic Conference?

[Koci] Membership has a positive influence in all areas and, therefore, in faith as well. This is not a confederation linked by religious faith alone and this is not to say that if we become members Islam will dominate in Albania. We have relations with the Vatican, with France, and with other non-Islamic countries. Our state is not promoting religious faith but a policy of faster economic development.

[Mimidinovski] It is being said that a large mosque will be built in Tirana.

[Koci] Yes, this is true. A large mosque will be built. It is needed and demanded by the majority. However, it is also definite that there will be mosques built in Shkoder, Durres, and other cities.

[Mimidinovski] You spent an entire 21 years in prison.

[Koci] This is in the past. Enverism did its work especially with us, who did not give up. Our religious faith existed and remained regardless of what was happening in the prisons. I was in prison for 21 years uninterruptedly. Even there, however, whenever I had a moment, I performed my religious rites. I did not betray my faith for a single moment.

[Mimidinovski] What was the reason for the sentence?

[Koci] Clearly, Marxism and Leninism did not get along with religious faith. Anyone who was against the regime, which was tied to Marxism, was sent to jail. If you recall that the Albanian Enver jails were the harshest in Europe, you will understand clearly what it meant to spend 21 years in a prison such as Spac and elsewhere.

[Mimidinovski] How are relations with the Islamic religious community in Macedonia?

[Koci] Relations are good and we are being greatly helped with publications. We believe that good relations will continue and that our cadres will soon undergo training in religious schools in Skopje. We have frequent and fruitful cooperation.

We have already sent students to Turkey, about 100 of them, and also to Libya, Egypt, Saudi Arabia, and Malaysia. We believe that after they return we shall be able to train religious cadres in Albania as well.

Berov Discusses Relations With Russia

AU0502093093 Sofia BTA in English 0831 GMT 5 Feb 93

["Today"—BTA survey of 4 February events]

[Excerpt] Sofia, February 4 (BTA)—The importance of Bulgarian-Russian relations is in their deep historical roots and good traditions. Nowadays, it is enhanced by the fact that the two countries have embarked on the road to democratic changes and economic and political reforms, Bulgarian Prime Minister Lyuben Berov said in an interview for ITAR-TASS. According to Prime Minister Berov, the bilateral economic ties would have been more vigorous if there had not been such differences in the two countries' economic structures and in the level of transition to a market economy achieved so far. There are lots of problems to be solved in order to promote the Bulgarian-Russian cooperation, Prof. Berov said. He pointed out some of these problems: the clearing agreement which could facilitate reciprocal payments, the improvement of transport conditions in trade, the conclusion of a bilateral agreement on the avoidance of double taxation, and the settlement of Russia's debt (as a successor to the former Soviet Union) to Bulgaria.

Greek Foreign Minister Michalis Papakonstandinou accepted with satisfaction the invitation to visit Bulgaria shortly, the Bulgarian ambassador in Athens, Prof. Bogdanov reported today. The exact date of this visit will be coordinated through diplomatic channels, reads a press release of the spokesman for the Bulgarian Foreign Ministry.

"The most important condition for future investors will be that the transition to a market economy in Bulgaria is smooth and stable. If this stability is preserved, there will be better chances for economic cooperation between Bulgaria and Japan," Mr. Akira Oka, head of the industrial and economic study mission to Europe, said upon his departure from Sofia today. According to the Japanese businessmen, the two countries could cooperate in the structural adjustment of the economy, protection of the environment and rationalization of agriculture.[passage omitted]

Berov Discusses Cabinet, Serb Barge Crisis

AU0402190693 Sofia TRUD in Bulgarian 29 Jan 93 pp 1, 2

[Interview with Prime Minister Lyuben Berov by Sonya Angelova; date and place not given: "There Is Real Chance That There Will Be Five Parliamentary Factions"]

[Text] [Angelova] Mr. Prime Minister, the parliamentary faction of the Union of Democratic Forces [SDS] has accused you of firing oblast administrators for political reasons. Is this true?

[Berov] Some of the oblast administrators do not have the necessary qualifications. A person who only has a high school education cannot occupy this post. I received an open letter from the Democratic Party, in which they point out, perhaps jokingly, that their man was already studying law. They meant the Burgas oblast deputy administrator. Fine! Let him come when he has graduated. However, they say that communism prevented him from completing his studies. This is not true. There really were certain subjects, such as international relations and international economic relations, which were restricted to students who had permission from the Bulgarian Communist Party oblast or okrug committee. However, in all other subjects the students were admitted through normal procedures.

[Angelova] Your cabinet is still incomplete. For how long are you going to delay the appointment of new ministers?

[Berov] I shall wait another 15-20 days regarding the appointment of ministers, until passions in the parliament settle down. As you see, we still do not know how many parliamentary factions there are. Formally, there are still three factions, but I think that they will become five. Under such circumstances, one should know who one is talking to and whom the other person represents. We shall wait until the processes which are now developing are completed, and then we will propose people who will be supported, if not by all, at least by the majority of the deputies. There are such candidates.

I am sure that there will be changes in parliament. At present, there are many competent and powerful people there. However, they lead parties whose membership is restricted to five figures. Perhaps the 2 million voters they claim to have should be asked for whom precisely they voted.

[Angelova] At present you are also the minister of foreign affairs. The activity of that ministry has been subjected to much criticism.

[Berov] I am not responsible for Stoyan Ganev's cadre policy. However, now it is not prudent to look back, because the result will be a terrible mess. Therefore, already when the cabinet was formed, we decided that nothing could be done about it.

[Angelova] The SDS parliamentary faction discussed a list of people who should be appointed to various posts. The list was given to you by Valentin Mollov. What is it all about?

[Berov] There has never been such a list. It is amazing how many cock-and-bull stories are disseminated by people and published by the press. We are not afraid of Presgrupa 168 [publishers of 24 CHASA and 168 CHASA] declaring war on us. Even without them many people have a hostile attitude toward the cabinet. However, we will pay them back in their own coin. We do not intend to quarrel with Presgrupa, but I can say frankly that no list of people who should be appointed to various posts has been submitted in any form, even in the most polite one.

[Angelova] Two days ago Serbian vessels violated the embargo along the Danube. Where did the oil they transported come from?

[Berov] The embargo had already been violated earlier. In recent months there have been at least three or four violations on the part of the Serbs. It is very difficult to ascertain specifically whether the oil comes from Ukraine or from elsewhere. However, it is beyond any doubt that it was loaded in a country to the north of Bulgaria. If I might warm up an old joke, during World War II there were German experts who knew whether the tanks were German or Russian according to their smell. I do not have such an ability. However, I declare emphatically that in our ports there are no installations for pumping oil. I assume that the oil is coming from further away than Romania. This is a matter of specific foreign policy sympathy and the priorities of other states.

[Angelova] Are there any differences between Bulgaria and Romania on this issue?

[Berov] The Romanian side has itself proposed joint actions. We have no differences. They allow us to enter their territorial waters and we do the same when joint actions are conducted. On everything related to the Serbian vessels incident Bulgaria did what it had to do. We turned to the UN Security Council. We did what we had to do without provoking a new war in the Balkans or risking contributing to such a war. If anyone wants to do any more, he is welcome to.

[Angelova] Did you have enough classified information when you made your decisions?

[Berov] A man in my position has difficulty assessing the work of the secret services. This a question you should pose to two people. However, I received classified information from the services every day. I cannot say how accurate it was.

[Angelova] You have been accused of having no foreign policy doctrine.

[Berov] We do have such a doctrine. A foreign policy declaration has been included in our specific program, which will be ready at the beginning of next week. I hope that it will be adopted by parliament and the president.

[Angelova] Could you comment on the rumors related to [National Bank Governor] Prof. Todor Vulchev's resignation?

[Berov] I think that the issue is being dramatized too much. The truth is that Prof. Vulchev already said several months ago that he intended to resign.

Zhelev To Pay 'Informal' Visit to Macedonia

AU0402153793 Sofia BTA in English 1528 GMT 4 Feb 93

[Text] Sofia, February 4 (BTA)—President Zhelyu Zhelev of Bulgaria will pay a short informal visit to the Republic of Macedonia in connection with the publication of his book, *Fascism*, by the Misal Publishing House in Macedonia. During his visit, Dr. Zhelev will confer with President Kiro Gligorov of Macedonia, BTA learnt from the president's spokesman.

Mission in Skopje To Be Upgraded

AU0402170293 Sofia BTA in English 1617 GMT 4 Feb 93

[Text] Sofia, February 4 (BTA)—"Bulgaria's diplomatic mission to Macedonia might be upgraded," Prof. Lyuben Berov, prime minister and acting foreign minister, told BTA's OSHTE Magazine a day before President Zhelev's informal visit to Skopje.

"Bulgaria is represented at the consulate general level in Macedonia, while other counties have already opened embassies there. Bulgaria is lagging behind in this respect, after it was the first country to recognize Macedonia's independence," the prime minister said. He expects a specific decision to this effect in March, when parliament will probably pass the 1993 national budget bill.

"The reciprocal opening of embassies would mean that Bulgaria and Macedonia develop normal relations," the head of the South-Eastern Europe Department of the Bulgarian Foreign Ministry, Mr. Lyubcho Trokhanov, said in an interview for the STANDART NEWS daily three days ago. Bulgaria and Macedonia, however, disagree over the existence of a Macedonian nation. "The position of Bulgarian diplomats is firm: Bulgaria recognizes Macedonia's independence but there is not reason to recognize a non-existing nation," Mr. Trokhanov stressed.

Foreign Ministry Officials Meet EC Observers

AU0402181793 Sofia BTA in English 1803 GMT 4 Feb 93

[Text] Sofia, February 4 (BTA)—The spokesperson for the Ministry of Foreign Affairs said that a regular meeting with the leaders of the EC observer mission along Bulgaria's border with the former Yugoslavia was held at the Ministry of Foreign Affairs today. Such meetings have been held once every twenty days since October 1, 1992, when this mission arrived to monitor a 30-km zone along this country's western border.

It was emphasized that the observers found that the situation on the Bulgarian side of the border with the former Yugoslavia was absolutely calm.

Mr. Alexander Vanshele (name may be misspelt), chief of the mission, emphasized that the mission gets exceedingly fine treatment and cooperation from the Bulgarian authorities in the performance of its functions, which is basically intended to build confidence in the region.

Opportunities were considered for wider forms of cooperation and further interaction with the CSCE observer missions.

The discussion at the Ministry of Foreign Affairs covered yet another matter, even though it is not included in the mandate of the EC observer mission. Immediately after the first reports of Serbian embargo-busting ships in the Bulgarian-Romanian sector of the Danube, at the request of Bulgaria representatives of the EC mission left for the Vidin-Lom area on January 24 to monitor the Bulgarian authorities' efforts to handle the incident, the Foreign Ministry spokesperson said.

Industry Minister Returns From Russia, Kazakhstan

AU0402214493 Sofia BTA in English 2004 GMT 4 Feb 93

[Text] Sofia, February 4 (BTA)—The problem of some Russian enterprises' indebtedness to their Bulgarian partners was discussed during the visit of Mr. Rumen Bikov, minister of industry, to Russia which ended today.

A draft governmental agreement between the two countries on the payment of over 4,000 million leva which Russian industrial enterprises and institutions owe to Bulgaria was considered at the level of experts. The agreement, drafted in three variants and envisaging settlement in hard currency, national currencies or through barter deals, will be submitted for discussion to the governments of Bulgaria and Russia respectively.

Minister Bikov's visit to Kazakhstan yielded a draft agreement on cooperation between the industry ministries of the two countries and an agreement on establishing trade relations in the petrochemical industry, textiles and mechanical engineering which is expected to be signed shortly.

Berov Cabinet Priorities Reported Ready

AU0402210893 Sofia BTA in English 1903 GMT 4 Feb 93

[Text] Sofia, February 4 (BTA)—The government today finalized its programme of action for 1993. It specifies the areas of operation which the Prime Minister Prof. Lyuben Berov outlined in parliament when the new cabinet was elected on December 30, 1992.

The macroeconomic situation in 1993 will be shaped by the decline in the gross domestic product [GDP] which persisted in the last three years and by internal and external economic factors characteristic of the transition to a market economy, the programme says.

The cabinet will implement its economic policy, expecting a 4 per cent drop of the GDP. The cabinet will accelerate the privatization process to remedy the fall of production.

The government projects the 1993 budget deficit at 6 to 9 per cent of the GDP.

At the end of 1993, inflation is expected to be between 90 and 100 per cent. The cabinet will try to minimize this pace, at the same time pursuing a policy of further liberalization of fuel, electricity and heat-power prices. The programme envisages measures to adjust personal incomes for the rising cost of living.

In 1993, employees in employment will be some 1 per cent fewer than in 1992 due to the structural adjustment of the economy. The growth of the private sector, which the government will encourage, is expected to create new jobs, the programme says.

SDS Member Urges Campaign for New Elections

AU0402184393 Sofia DEMOKRATSIYA in Bulgarian 1 Feb 93 p 1

[Commentary by Georgi Markov: "We Will Knock Down Their House"]

[Text] When one reads that Yunal Lyutfi [National Assembly member of the Rights and Freedoms Movement, DPS] has written that 130 members of parliament will always support the Berov cabinet, whatever happens to the SDS [Union of Democratic Forces] (I agree that what happens to the BSP [Bulgarian Socialist Party] is of no importance), one is left with the impression that the new Bulgarian Government will look like a strongly built permanent house in which only a few bricks may be replaced at the most. This completely corresponds to the view expressed recently by Andrey Lukanov in Kurdzhali, namely that the alliance between the BSP-Communists and the DPS is a stable, lasting one, and not dependent on blind chance. In other words, the new parliamentary majority that the SDS faces in opposition will be permanent and not dynamic. In this sense, none other than the famous Comrade Andrey Raychev displayed incredible "perspicacity" at a meeting with the "young members" on 20 June 1990, when he simply opened the eyes of Aleksandur Tomov, Yanaki Stoilov, Dr. Draganov, R. Karamfilov, and others.

Today it has finally become clear that in the present parliament the SDS will be unable under any circumstances to gain a parliamentary majority and form a government, which was its aim in winning the elections. The SDS won a great battle on 13 October 1991, but on its road to Europe lost another battle on 30 December 1992. (Stefka Kostadinova lost an Olympic title but did not look back, and now, remaining a very strong competitor, is on her way to new victories.) From now on, the SDS has only one road—straight on toward the elections and victory. It will win this victory just as convincingly, but in a much firmer and more sophisticated way! We will run in new elections not only to win them, but also to ensure a stable majority in alliance with other noncommunist formations in the next parliament, with the aim of ensuring Bulgaria's revival.

The SDS will overcome its shock and nervousness, petty passions and attacks, and at its next national conference (the pace of events demands that this should be as soon as possible) will mark out its strategy and tactics for taking over the government of the country. We simply have no alternative! I am sure that at our conference we will also see George Ganchev [leader of the Bulgarian Business Bloc], Anastasiya Mozer [leader of the Bulgarian National Agrarian Union] and Ivan Glushkov [leader of the newly formed Christian Agrarian Party]. We must do this, because the house of the DPS and the BSP-Communists looks nothing like a European or a Bulgarian one! We will build a house in which the bricks will be anticommunist, traditional Bulgarian ones. We must bring Bulgaria once and for all into Europe, in the name of its future—the youth of Bulgaria. No force exists that can stop us.

Interior Minister Discusses Crime Problem

AU0402163493 Sofia ANTENI in Bulgarian No. 4, 27 Jan 93 p 3

[Interview with Interior Minister Viktor Mikhaylov by Evgeni Mikhaylov; place and date not given: "Impartial Police!"]

[Excerpts] [Passage omitted] [E. Mikhaylov] How do you view the development of personnel policy in the Interior Ministry? There is talk of corruption in certain units and departments.... What steps to you plan to take against this?

[V. Mikhaylov] This is an extremely complex and serious issue. In general, it is connected with the general rise in crime throughout the country and with the position that the police occupy in society. The image of the police is steadily deteriorating, the job is becoming increasingly unattractive, and their pay has been kept at an insultingly low level. The permanent feeling of insecurity that they have—fearing they may be dismissed any day—hardly motivates them to do their work in strict accordance with the law, following their conscience as policemen, but forces them to seek opportunities for better paid employment, should they lose their jobs. This makes them highly vulnerable to corruption, and we have received reports of such cases. It is a very complex problem that one cannot solve by issuing orders. We need to develop a comprehensive policy regarding training, social security, legislative documents on police work, and a whole series of issues, whose solution the Interior Ministry is considering in its program for the next year or two.

[E. Mikhaylov] On their very first day in office, your predecessors declared a "holy war" against crime. Nevertheless, crime is still increasing in geometric proportions. Robbed homes, break-ins at stores and offices, rapes, and murders.... People have started talking about large-scale racketeering. What practical measures do you intend to adopt so that the Bulgarian does not have to hide at home and bolt and bar his house? It is abnormal that rapists and habitual criminals are apprehended and then set free the very next day. It seems that the efforts of the police are being wasted, and this has a demoralizing effect on both the police and society as a whole.

[V. Mikhaylov] This problem is too wide to cover fully in a single interview. In simple terms, last year only 1 percent of the criminals apprehended by the police were sentenced. According to police statistics, about 70,000 criminals were detected last year. On 19 December 1992 our prisons contained 8,638 detainees, of which about 2,500 were on remand awaiting trial and 1,500-1,600 were serving sentences of more than 10 years. Anyone can draw his own conclusions about the efficiency of our law-and-order and judicial systems. The big question is to pass crime-fighting legislation—laws to cover investigative procedures and the sentencing of criminals, as well as legislation on the work of the Interior Ministry itself. At the moment, the Interior Ministry is not covered by any legal regulations, practically speaking. I will be more specific. The National Security Service has no law covering its operations. The Central Service for Combating Organized Crime has no law either to define its rights, functions, and tasks.

The police rely on the patched-up old Law on the Militia, with the section on "administrative measures" deleted. At present, the police cannot use forceful measures either in law or in fact against the most vicious perpetrators of serious crimes. As a result of amendments to the Constitution and the Code of Penal Procedure, the Investigation Service remains only as an organ for the preliminary preparation of a case, with the police now playing no part. The police do not collect evidence for the prosecution. Last year about 500 investigators had a workload of 192,000 cases. This complete mess in the penal legislation has led to the present inefficiency of the organs of law and order. I will tell you something else: At present we have no concept for criminal law. We are working with ragged old laws that have produced this terrible result. We have already set up a working group of people from interested departments—the courts, the prosecution service, and the Interior Ministry—to draft such a concept for criminal legislation, through which we want to restore the right of the police to play a part in preliminary investigations. [passage omitted]

[E. Mikhaylov] Since you became minister, you have publicly declared that you will not be influenced by political forces, because your ministry is depoliticized. How will you implement this position in practical terms?

[V. Mikhaylov] The work of the Interior Ministry should be regulated by laws. At the moment, we lack proper legislation, and this enables anyone to interfere and meddle politically. However, by and large the entire activity of the ministry is nevertheless covered by legislation, by means of separate laws on the national services, even if the standard of regulation is poor. No one can be permitted to break the law because of ideological bias. This is simply inadmissible, because otherwise chaos would ensue in the state. Whether they are good or

bad, perfect or imperfect, the laws must be obeyed. We are people who support law and order. We must not allow the parties to exert influence. A person with a party bias may also give a good piece of advice. If the advice is good and in conformity with the law, I am ready to accept and apply it. However, if it contravenes the law, public order, and morality, I can never accept it. [passage omitted]

Parliament Commission Discusses Army Bill, Needs

AU0402134693 Sofia BULGARSKA ARMIYA in Bulgarian 28 Jan 93 p 1

[Report by Major Spirdon Spirdonov and Georgi Kardanov]

[Text] On 27 January the defense minister, deputy defense ministers, and the chief of the Bulgarian Army General Staff took part in a session of the Parliamentary National Security Commission. This was the first time that the commission's members had met with the new Defense Ministry team. We asked some of the participants whether the meeting was useful.

Dimitur Yonchev, deputy chairman of the National Security Commission: We discussed a very wide range of subjects, covering almost all the Army's activities. Particular topics were the draft military budget, the draft law on defense and the Armed Forces, and certain other legislative changes that will be made. Naturally, we did not fail to discuss current problems as well, including our military contingent in Cambodia.

I was impressed by the competent way in which Minister Valentin Aleksandrov's team dealt with the issues. We clarified the procedure for our future work and joint activities. We all understand that the Army faces great problems and that it is doing its utmost to maintain its combat readiness. We also realize that we must start supplying the Army without interruptions and allocate more funds for its needs.

I have seen how the draft law on defense and the Armed Forces has drawn the attention of the political parties and become a focus for contradictory interests that made things get out of control. The novel development at this meeting was that there was no hint of political competition or distrust at any time. It seems to me that for the first time, the Army's problems were considered in a professional way.

Defense Minister Valentin Aleksandrov: I am very pleased with the meeting. I suggested that we should meet once a month from now on. Regarding the draft law on defense and the Armed Forces, I proposed at a previous meeting of the Council of Ministers that we should postpone discussing it to enable certain corrections to be made, and this was accepted. The parliamentary commission also accepted this proposal, and will begin work on the text of the bill. As for our part, we will be ready with certain details by 15-20 February. For example, the draft law will make no mention of the Armed Forces Inspectorate, which no longer exists. The bill will also contain certain details concerning the social field, and there will be a separate section dealing with officers' pensions. I strongly advocate that officers should receive a full pension after completing 20 years service, and should start drawing it immediately. Another issue is that the individual military repair plants and the separate armies do not have the status of legal persons. We are placed in an impossible situation, and have fallen behind the other former Warsaw Pact members in resolving this issue. We will put this right immediately, and this will happen quickly. In fact the corrections relate to only four or five passages in the draft law, while about 85 percent of the prepared text will remain unchanged. It is not necessary to withdraw the bill from parliament. The commission unconditionally accepted this view.

Colonel General Lyuben Petrov, chief of the Bulgarian Army General Staff: I was very satisfied with the meeting, because we discussed our problems, at least those existing at the moment. The Parliamentary National Security Commission has to be aware of the problems of the Army, the Defense Ministry leadership, and the General Staff so that we can emerge from the present situation. The state of the Army is not so tragic, but it has its negative aspects, especially concerning material and technical supplies. Now, when the military budget is being prepared, we wanted the commission to familiarize itself with our needs to ensure that parliament approves a budget that guarantees that the Army is properly supplied.

We have no objections regarding the additions that the defense minister wants to make to the draft law. This version will completely satisfy us. Accordingly, I am an optimist regarding the bill.

Vasil Mikhaylov, member of National Security Commission: Our contacts with the defense minister, chief of the General Staff, and the other top Defense Ministry officials were extremely beneficial. It would be sensible to hold such meetings every Wednesday, or every other Wednesday. We are about to consider the military budget. In previous years the budget was not properly defended. This time we expect the defense minister to draft a good budget. If the ministry's claims are convincing, they will be satisfied. In this instance, the ministry will have no problem in winning parliamentary support. This meeting has placed things on a good footing. We members of the Union of Democratic Forces, now that we are in opposition, will be especially watchful and demanding regarding the Armed Forces' problems, as well as other things.

Nuclear Power Affirmed as 'Basic Energy Source'

AU0402211093 Sofia BTA in English 1940 GMT 4 Feb 93

[Text] Sofia, February 4 (BTA)—For the time being, nuclear energy will continue to be our basic energy

source, the thermoelectric and hydroelectric power stations have a limited capacity and cannot meet the country's energy requirement, Prime Minister Lyuben Berov said at a meeting with the mayors and town council chairmen of Belene and Svishtov (both on the Danube). The construction site of the Belene nuclear power plant is in that region.

The representatives of Belene and Svishtov wanted to be informed about the cabinet's plans concerning the future of the N-plant and the construction site, the project was frozen three years ago under pressure of the public and environmentalist movements. It was suggested to set up a free-trade zone on the site.

The prime minister questioned the effect of free trade zones, the press service announced. Deputy Prime Minister Neycho Neev, who attended the meeting, said that Bulgaria had lost about 1,000 million leva by the free trade zones already established.

Mr. Neev said that Bulgaria was going to consider a project for the construction of a gas-main with Turkey in view of the possible construction of a gas-fuelled electric power station at Belene. Besides, a study will be made of the possibilities of thermo- and hydro-electric power station to satisfy the need of energy. The hydroelectric power stations can provide some other 3,000 megawatt, Mr. Neev said.

Border Agreement With Germany To Be Signed

LD0402170693 Prague CTK in English 1656 GMT 4 Feb 93

[Text] Prague, Feb 4 (CTK)—An agreement on the state border between the Czech Republic and Germany might be signed by the end of 1993, head of the state border administration section of the Czech Interior Ministry Jiri Pesek told CTK today.

He said final talks on the text of the agreement, which is to demarcate the 810-km Czech-German state border and solve problems of their preservation and possible changes in the future, would take place in March. The accompanying documentation to the agreement will be added later, possibly in 1995, Pesek said.

Talks on the agreement were launched in June 1991. According to Pesek, the draft does not contain any territorial claims of either side, although some slight changes in some sections of the border might be necessary in the future.

The agreement, which is to be signed by the two countries' presidents, will be based on the documentation to the 1937 agreement bewteen the then Czechoslovakia and the German Reich. The demarcation of the northern section of the border—formerly between Czechoslovakia and the German Democratic Republic—will be based on an agreement of 1980, Pesek said.

Klaus Discusses Relations With Ukrainian Envoy

LD0402212493 Prague CTK in English 2112 GMT 4 Feb 93

[Text] Prague, Feb 4 (CTK)—Ukrainian Ambassador to the Czech Republic Roman Lubkivskyi met in Prague today with Czech Premier Vaclav Klaus to inform him on Ukraine's economic and political situation.

The Czech Government's spokeswoman told CTK that Lubkivskyi said Ukraine is interested in the development of the closest possible Czech-Ukrainian bilateral relations. Ukraine prefers such relations to institutionalised multilateral ones.

Klaus promised that some of the Czech Cabinet's economic ministers would visit Ukraine in the foreseeable future. This first official visit of a Czech Cabinet's member to ukraine should help extend the two countries' economic relations, he said. Klaus said that he would recommend to Czech businessmen, looking for Ukrainian markets, to take part in the congress of the East European Enterpreneurs' Association, to be held in Kiev in March.

Czechs, Slovaks Sign Payments Agreement

LD0502092093 Prague CTK in English 0801 GMT 5 Feb 93

[Text] Prague, Feb 5 (CTK)—The Czech and Slovak finance ministers, Ivan Kocarnik and Julius Toth, signed the Czech-Slovak payments agreement here late last night. The agreement defines ways in which Czech and Slovak enterprises will clear mutual credits and liabilities, arising after the split of the common currency. It also provides for methods of settling accounts dating from the period before the currency split.

The central banks of the two countries yesterday exchanged the first 200 million Czech and Slovak crowns, according to Governor of the Czech National Bank Josef Tosovsky. He told CTK that further purchases and sales of national currencies will be conducted by commercial banks on the basis of market exchange rates.

Toth told CTK after signing the agreement that he hopes the payments agreement will last longer than the agreement on the common currency. Kocarnik said he believes the agreement's validity will depend on the development of bilateral relations. It is certainly in the interest of both countries that this agreement should last long, he said, adding that otherwise bilateral trade would have to be conducted on the basis of hard currency, which would complicate mutual relations.

Toth did not rule out difficulties in the first few days in filling out payments drafts, but said he is convinced that payments between the two republics will return to normal within a week.

The ministers signed a protocol on the settlement of credits and liabilities between legal persons and private businessmen, which arose before the currency split on February 8, and an agreement on the use of national currencies in the area of tourist traffic.

Tosovsky and Vice Governor of the Slovak National Bank Marian Jusko signed a protocol limiting the export and import of national currencies in tourism.

Trade Prospects After Currency Split Viewed

AU0402181593 Prague HOSPODARSKE NOVINY in Czech 2 Feb 93 pp 1, 2

[Commentary by Marcela Doleckova: "What Is At Stake Is Not a Loan But Trade; Slovakia Without Money Will Not Be Able To Buy Czech Goods"]

[Text] Slovak Minister of Economy Ludovit Cernak's statement in Davos that the Czech Republic "must" extend a loan to Slovakia has been immediately countered by Czech Prime Minister Vaclav Klaus, who said that a conventional loan had not even been mentioned in the talks between Czech and Slovak representatives. In spite of Klaus' statement, a part of the government coalition immediately resorted to the threat to "reconsider" their participation in the coalition if the loan is extended.

It seems that the hectic days of currency separation are accompanied by considerable confusion of terms on one side and lack of understanding for the reality on the

other. First, the point of departure is the division of property as such, including the division of the balance of the former Czechoslovak State Bank [SBCS]. This balance reveals that, because of the lack of their own liquid resources, Slovak commercial banks had borrowed through SBCS refinancing credits, which is a routine method, the sum of around 23 billion korunas. This sum was borrowed, in fact, from Czech commercial banks. To this sum we must add approximately 10 billion korunas worth of treasury bills. If we put on the other side of the scales the entire Slovak share in the former Czechoslovakia's foreign exchange reserves, including Slovakia's more than questionable "own" gold treasure, this still would not be enough to offset the Slovak debt. One of the contemplated ways to address this situation was the proposal that the National Bank of Slovakia issue bonds yielding decent commercial interest and maturing, say, after 10 years, which would be purchased by the Czech National Bank [CNB]. Hence, what is involved is not a conventional loan as Ludovit Cernak implied, be it out of ignorance or by mistake, but a possible solution to a truly precarious situation, a precarious situation not just for Slovakia but also, and possibly even more so, for the Czech Republic. The sounding of the alarm by a part of the government coalition testifies to a fatal miscomprehension of the reality. Should the Slovak economy run into truly grievous trouble, it would not be able to buy Czech goods because it would not be able not pay for them. The well-known dictum that big debts spell bigger trouble for the creditors than for the debtors applies also to the Czech-Slovak relationship.

The Czech economy cannot afford another shock of the type of CEMA's collapse, all the more so as the Western euphoria over the disintegration of the "communist empire" is gone, and protectionist tendencies in the advanced world are evidently growing in strength. We have learned from circles close to the CNB that the CNB has not been officially asked for any "proper" loan by the Slovak side, let alone for a gift as some political and economic circles tend to interpret this development.

At the same time, feverish final preparations for a payments agreement between the Czech Republic and Slovakia are under way behind the scenes. It is clear already that the agreement will be based on mutual clearing of accounts. Today it is very difficult to estimate when the Czech trade surplus will exceed the set marginal credit, but this is more likely to happen in weeks than in months. At the same time, the agreement appears to be devised in such a way that, as soon as this marginal credit is exceeded, Slovakia should have to use convertible currencies for imports of Czech goods. Should, for example, Slovakia be compelled to repay a part of its liabilities stemming from the division of the SBCS balance with its foreign exchange reserves, it would not be able to settle the Czech trade surplus. As a consequence, it would, in the very least, simply have to significantly cut imports.

Meanwhile, at least one of the criteria agreed upon as a reason for withdrawing from the monetary union appears to have been met—speculative movement of capital from one republic to the other in excess of 5 percent of overall bank deposits. At the end of December 1992, the level of deposits in the former CSFR stood at 600 billion korunas. Around 20 January, however, deposits in the Czech Republic alone reached a level of 500 billion korunas. At the same time, the volume of currency in circulation dropped by only 30 billion korunas (from 100 billion to the present level of approximately 70 billion). One can therefore deduce that the enormous increase of deposits in Czech banks has been accounted for not only by the precurrency split maneuver of citizens of the Czech Republic but also by the same maneuver of Slovak individuals and organizations, motivated by the anticipation of an early devaluation of the Slovak currency. Although Slovak officials' reactions to these expectations have been mixed, devaluation would apparently facilitate the situation for the Slovak economy. The price of Czech beer, for example, would rise so much on the Slovak market that Slovak breweries would not have to fear its competition that much.

[Prague MLADA FRONTA DNES in Czech on 2 February on page 6 carries an 800-word Tomas Marek, Petr Simunek article entitled "Why We Should Help Slovakia," which also argues that it is in the interest of the Czech economy to help Slovakia pay for imports of Czech goods. The article includes the following passage: "Slovakia's trade deficit with the Czech Republic last year is estimated at 18 billion korunas. The volume of mutual trade amounted to an estimated 177 billion korunas, which means that the Slovak trade deficit exceeded 10 percent of the volume of mutual goods exchange. Had we been trading on the basis of clearing already last year, Slovakia would have had to settle liabilities of more than $300 million, assuming a marginal credit of 5 percent. When we consider that last year Slovakia, without the Czech Republic, exported $3.2 billion and imported $3.25 billion worth of goods (both figures are estimates), this payment would represent an unsolvable hard currency burden for the Slovak economy."]

Joining Central European Initiative Considered

LD0302191793 Prague CTK in English 1851 GMT 3 Feb 93

[Text] Prague, Feb 3 (CTK)—The Czech Government is interested in joining informally the so-called Central European Initiative, the former hexagonal group of nations, for the purpose of solving the migration problem in the region, Premier Vaclav Klaus said today. The group is comprised of Austria, Italy, Poland, Hungary, the former Czechoslovakia, and Yugoslavia. Klaus characterised migration as the most topical problem in the region and said the countries of the Central European Initiative are both sources and recipients of refugees.

Interior Ministry Plans To Reduce Police Force

AU0402153493 Prague CTK in English 1423 GMT 2 Feb 93

[Text] Prague, Feb 2 (CTK)—The Czech Police and the Ministry of the Interior are considering reduction of the current 40,000-strong staff by 2,500 policemen, Josef Sibicek from the Brno City Police Department told journalists today. He said that until the end of this month the police will not be recruiting new members, and added that especially street patrols will be affected by the police president's ruling.

In connection with the current restructuring, the abolition of less effective police stations is envisaged, Sibicek said. He recalled the Czech parliament's resolution of June 19, 1991, on the Czech interior minister's report about the internal security situation in the Czech Republic. The resolution spoke of an increase in the number of police stations and of earmarking financial means for cities and towns with the highest crime rate, Sibicek said.

According to statistics data, a total of 277,117 crimes were committed in the Czech Republic in the period from January to October, 1992, against 282,998 crimes recorded in the whole of 1991.

Josef Trejbal, director of the North Bohemian Police Department, today told a press conference that reduction of police staffs is not envisaged in North Bohemia, where the internal security situation is aggravated by the increasing influx of migrants. He said that on the contrary, according to a promise given by the Czech Interior Minister Jiri Ruml, the ranks of police forces in North Bohemia will be strengthened by additional 150 policemen.

He said that directors of district police departments will meet with Ruml next week.

ODS Condemns KSU-CSL Withdrawal Threat

AU0402154393 Prague TELEGRAF in Czech 2 Feb 93 p 3

[CTK report: "Irresponsible Pressure"]

[Text] Prague—The Civic Democratic Party [ODS] cannot withdraw itself from the coalition because as its strongest member it bears the greatest share of responsibility, said Party Spokeswoman Jana Petrova. She was reacting to the point of view expressed by the Christian Democratic Union-Czechoslovak People's Party, which at the weekend threatened to leave the government if the issues associated with filling the Senate and the laws on anticommunist resistance and restitution of church property are not dealt with.

The ODS prefers continuous, calm negotiations within the coalition and is concerned that smaller coalition parties are exerting pressure in an irresponsible manner, which is playing into the hands of the opposition, said Petrova. According to her, the ODS envisions that a meeting of the coalition partners will be held very soon to discuss this matter.

Army Releases Data on Officer Numbers, Structure

AU0402163893 Prague RUDE PRAVO in Czech 28 Jan 93 p 9

[Report by Vaclav Pergl: "39,105 Career Soldiers Serve in the Army of the Czech Republic"]

[Excerpt] [passage omitted] The Army has for the first time released statistical data concerning the number of officers and their deployment. According to Engineer Frantisek Greiner, chief of the Czech Ministry of Defense Administration of Personnel, 39,105 career soldiers were serving in the Army of the Czech Republic on 1 January 1993, which was 82 percent of the planned number. This number comprised 2,135 women, who work mostly in the Signal Corps, the Air Force, and in the administrative services. The average age of career soldiers is 34 years. The average age of generals is 52, of officers, 36, and of junior officers, 28. A total of 78.9 percent of career soldiers are of Czech nationality, 19.6 percent of Slovak nationality, and the remainder of Ukrainian, Polish, Hungarian, or German nationality. The problem of citizenship of soldiers whose nationality is not Czech is being addressed right now. The Army of the Czech Republic has 50 generals, 76 percent of whom are of Czech and 24 percent of Slovak nationality. Some 66 percent of officers have a university education and 80 percent of junior officers have a secondary education. The largest number of career soldiers is serving in South Moravia (20 percent), followed by Prague (14.4 percent), North Moravia (12.5 percent), South Bohemia (12 percent), Central Bohemia (11.6 percent), East Bohemia (11.4 percent), West Bohemia (9.9 percent), and North Bohemia (8.2 percent).

The Czech Army had 50,736 civilian employees on 1 January, of whom 58 percent were blue-collar workers. [passage omitted]

Meciar, Czech Foreign Minister Discuss Cooperation

LD0402154893 Prague CTK in English 1408 GMT 4 Feb 93

[Text] Bratislava, Feb 4 (CTK)—Slovak Premier Vladimir Meciar expressed concern at his talks with Czech Foreign Minister Josef Zieleniec here today, that customs procedures on the Czech-Slovak border not impede the movement of goods.

It could happen that due to the necessity of presenting receipts... the volume of trade could diminish, Meciar told journalists after the talks. Zieleniec for his part said that customs procedures are being re-evaluated and he did not exclude the possibility of a change in regulations.

Zieleniec and the Slovak premier also discussed their republics' ties to the European Community (EC), other East European countries and cooperation within the Visegrad Association, which groups together Poland, Hungary, and the Czech and Slovak republics. Both sides consider it necessary to cooperate as closely as possible and to use the advantage of having two votes where we earlier only had one, said Meciar.

Zieleniec, who said Czech Premier Vaclav Klaus would visit Bratislava in the nearest future, is in the Slovak capital to put the final touches on a series of bilateral agreements between the Czech and Slovak Republics.

Meciar said there was no reason for Slovakia not to accept the appointment of former Czechoslovak parliament deputy chairman Filip Sedivy as Prague's ambassador to Bratislava. The latter is accompanying Zieleniec on his visit as an adviser.

The Slovak premier also said both sides were eager to transfer all responsibility for the Gabcikovo hydroelectric dam's operation to Slovakia. The dam, originally planned as a joint Hungarian-Czechoslovak project in 1977 has attracted controversy since Hungary's call for a halt in its construction. Slovakia wants to complete the project and operate the dam, and since Czechoslovakia's division on January 1, the republic has assumed de facto control of the site.

Agreement on Cooperation Signed

LD0402171893 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1600 GMT 4 Feb 93

[Text] In Bratislava today, Josef Zieleniec and Milan Knazko, foreign ministers of the Czech and Slovak Republics, signed the agreement on cooperation in consular services. It ensues from the agreement that both repub'ics will try to observe unified consular regulations. The chiefs of diplomacy signed the protocol on mutual agreements and contacts between the Czech and Slovak Foreign Ministries, their embassies, and permanent missions abroad. Both documents have been signed for five years and should always be automatically extended for a further two years.

Czech Foreign Minister Arrives for Talks

LD0402104993 Prague CTK in English 1045 GMT 4 Feb 93

[Text] Bratislava Feb 4 (CTK)—Czech Foreign Minister Josef Zieleniec arrived in Bratislava today, on a one-day official visit to Slovakia to sign documents on Czech-Slovak diplomatic cooperation.

The visit marks Zieleniec's first official trip abroad since the emergence of an independent Czech Republic, January 1.

The Czech foreign minister, who was welcomed at Bratislava airport by Slovak Premier Vladimir Meciar and Slovak Foreign Minister Milan Knazko, will hold talks with both men.

The Czech and Slovak sides will then sign a protocol enabling each other's citizens to make use of Czech and Slovak consular services abroad in case of need, regardless of citizenship.

Knazko Gives News Conference

LD0402200193 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1730 GMT 4 Feb 93

[Report by correspondent Igor Skocek]

[Excerpts] The visit of the Czech foreign minister took place at the invitation of Milan Knazko, head of Slovak diplomacy. [passage omitted]

Talking about the process of splitting the foreign service of the former Czechoslovak Federative Republic, Milan Knazko said:

[Begin Knazko recording] I would like to touch upon the problems of the division of property. Our country's press often carries views which, most likely, stem from the personal experiences of employees or diplomats at some embassies of one country or another which judge the division of property from their own point of view. I would like to draw your attention to the fact that the division of property was carried out in 66 countries and truly, we managed to carry out something which is worth mentioning and which is being noticed also abroad and is highly valued.

With the tragic events of the former Yugoslavia and the former USSR in the background, a highly cultivated process took place, namely that of the division of the federation into two separate states, as well as the division of property which, globaly, has been divided exactly in the ratio of 2:1, as we had determined. As of 1 January, in virtually all countries, two embassies are now functioning, of the Czech and Slovak Republics. So any questioning of a very local viewpoint of the individual countries on the part of our diplomats or employees is somewhat binding.

I would like to assure you that this division is objective and that we have agreed on it and we have virtually

implemented it completely. I believe firmly that soon in Prague we will continue this spontaneous and open discussion that began today. I have received an official invitation. I look forward to this trip very much. [end recording] [passage omitted]

Meciar Explains Rationale of Currency Separation

LD0402163193 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1100 GMT 4 Feb 93

[Excerpts] About 50 journalists, mostly from the Slovak mass media, gathered this morning for an international news conference given by Slovak Prime Minister Vladimir Meciar and Finance Minister Julius Toth. The news conference focused on the currency separation and problems connected with it.

In his opening statement, the Slovak prime minister outlined the steps which the Slovak and Czech governments have taken so far and what citizens should do in the present situation. [passage omitted]

Then journalists were able to ask questions. [passage omitted]

We have selected his replies to two questions. The first question was: What will happen if the draft agreement on payments is not approved by the governments. Here is Vladimir Meciar's reply:

[Begin recording] [Meciar] For God's sake, don't panic. A counterproposal—that is, if certain conditions are not accepted by us—is that trading should be done in hard currency, in direct exchange from 8 February. This was the most difficult issue discussed yesterday. This would mean a repeat of that which former socialist states did among themselves when they said: business in hard currency only; and trade stopped immediately, as they did not have it.

Then there still is the complex issue of settling mutual debts. We do not know their real amount—the final account of the bank or of the Federation. Both sides cast doubts on these sums. In the end, we may ask for an international audit. This issue has not yet been resolved.

When you ask what will happen if the agreements are not approved, it would be like in any other business: I do not sell to any one who does not pay nor who does not have money to pay. This would be how to stop the entire trade and exchange of goods between us. We have told the Czech side that Slovakia would not like such a development and reminded them that some vital resources for the Czech Republic come from Slovakia. Thus, we have told them to be sensible and not to stop trading because we would not be the losers. We would be short of money, yes, but they would be short of commodities which are needed everyday.

Thus mainly in order to avoid similar complications we are looking for a solution. There is no doubt that the present situation on the border is making the direct exchanges of goods more difficult. The Slovak side is not happy with this state of affairs. We said yet again yesterday that although tax registration is carried out it is possible that for the sake of a few million several billions would be lost in trade. We do not agree with this. We want the system to be relaxed. At present, the border protection on the Czech side is being strengthened by members of the police and the Army. We hope that this is only a temporary measure and that this will not be the case after Monday [8 February]. This is an unnecessary measure, there is no need for it. Everywhere else borders are being removed. First of all, we erect them between ourselves with great pomp and circumstance only later, with great shame, to take them down again.

[Unidentified reporter in Slovak] In the evening [as heard] a report by the French AFP agency quoted a French financial expert from Prague as saying that right from the beginning the IMF advocated that the currencies of the Czech and Slovak Republics should be separated, but that the Prime Minister Vaclav Klaus has, in a way, set things up in this way in order to prevent political destabilization in Slovakia.

[Meciar] During the talks we had, Vaclav Klaus presented nothing to me and I presented nothing to him either. The agreement that a currency separation should be put into effect was an agreement that envisaged that this would happen in May or June 1993. No political considerations were at issue in this context. What was at issue was whether we could organize the currency change in technical terms. The National Bank of the Slovak Republic came into being on 1 January 1993. The Czech side was not and is not prepared to replace money with new banknotes, but unlike us it should put the 200-koruna denomination banknote into circulation. This will be a new banknote and will demonstrate that its preparations have advanced further than ours. The advantage the Czech side had was that it renamed the State Bank as the Czech National Bank. In effect, it is continuing with a smaller market, but with comprehensive technical back-up and staff, which is something that we are laboriously trying to catch up with.

Separation on 1 January 1993 would very much hamper the division process and especially the process of settling the debts of the Federation, which were still mounting after 1 January 1993. The debts only materialized at the end of last year and at the beginning of this year. Until then things looked good. And so, this was the rationale that prompted Mr. Vaclav Klaus to put the currency separation into immediate effect.

It is true that the IMF suggested that the separation be accelerated. Still, it recognized that to start with this—that we should have only one currency—was inevitable. [end recording]

Crown Will Not Be Revaluated

LD0402143193 Prague CTK in English 1322 GMT 4 Feb 93

[Text] Bratislava Feb 4 (CTK)—Slovak Premier Vladimir Meciar said today he disagrees with the view of

Marian Tkac, the Slovak National Bank's vice governor, that the Slovak crown should be revaluated in the near future.

Meciar told journalists that Tkac had explained to him the need for the Slovak crown's revaluation by the fact that this would have a positive political and psychological impact on Slovakia's inhabitants.

Meciar said that Slovakia's citizens who hold bank accounts with foreign banks, including those in the Czech Republic, ought to declare the fact officially within three months. In case where foreign accounts can be closed without giving advance notice, the money ought to be transferred to Slovak banks within a year, he said, adding that money from time deposits will be transferred after the term of the notice expires.

Meciar said agreements on the division of Czechoslovakia's common currency and on payments between the Czech and Slovak Republics, apart from the governments, will also be initialled by republics' parliaments. The Slovak National Council (parliament) will take up the accords on Sunday, February 7, Meciar said.

Banks Purchasing Hard Currency From Foreigners

AU0402104393 Bratislava NARODNA OBRODA in Slovak 2 Feb 93 p 2

[TA SR report: "Foreign Exchange Resources Have Dried Up; Kosice Without 'Hard' Currency"]

[Text] Kosice—For at least one month, the Kosice city branch of Vseobecna Uverova Banka [General Credit Bank] has not received any foreign exchange resources to provide funds for private tourist travel. The Kosice city branch, which is getting ready for the currency split by stamping banknotes, obtains hard currency solely through purchase from foreign nationals. Holders of foreign exchange accounts can dispose of their foreign exchange resources freely. The branch makes available foreign exchange also for foreign travel by legal persons. The second city branch of Slovenska Statna Sporitelna [Slovak State Savings Bank] has received a small foreign exchange allocation, but it gives preference to holders of foreign exchange accounts when extending hard currency as well. The banks expect the situation to improve next week. A similar situation is also in the Kosice branch of the Cedok travel agency.

Cernak Airs Views Upon Return From Davos

AU0402164293 Bratislava HOSPODARSKE NOVINY in Slovak 3 Feb 93 p 3

[Report by "(ms)": "The World Accepts Slovakia"]

[Excerpt] "Slovakia must detach itself from its regional dimension and must begin to work on the level of an independent state," Economy Minister Ludovit Cernak said at a news conference in Bratislava yesterday, after his return from the World Economic Forum in Davos.

Regarding domestic political problems, he also stressed that our early opening to the world should be made as soon as possible. The decisive politics is not made at home, but in the world.

Ludovit Cernak participated in Davos in many official and unofficial meetings with leading representatives of world and European economic and financial circles, and economic representatives of many countries. He has discovered that the world accepts Slovakia, yet it is closely observing its economic development. "We must take to the oars, we first," the minister stressed.

Minister Cernak spoke in detail about his official meeting with Vaclav Klaus in Davos. He described it as very open. From what the Czech prime minister said—and the ministers Dyba and Dlouhy, as well—that he got the impression that the Czech Republic is sincerely interested in trade with Slovakia, and in retaining the customs union for a long time. L. Cernak described this customs union as a "treaty of treaties."

Ludovit Cernak also spoke on the subject of the alleged demand of the Slovak Republic for a 10-billion loan from the Czech Republic. He said in no uncertain terms that Slovakia has not demanded such a loan at all. "This does not mean, however, that we would not accept it if we had this opportunity," he said immediately afterward.

Then the minister devoted his time to domestic economic problems in the Slovak Republic, which has a shortage of capital. The key to its revival is in the hands of the banking sector—banks and Slovak Ministry of Finance. The Ministry of Economy and the Ministry of Finance reached agreement that short-term interest-free loans for putting production programs into practice would be granted to enterprises that are proceeding flexibly.

At the Slovak Ministry, they are working on the trade strategy of the Slovak Republic, the basis of which is to retain the convertibility of the Slovak currency. In the opinion of the minister, the trade-and-payment balance of the Slovak Republic provides prerequisites for that. The entrepreneurial sphere will have the final word.

The minister also stressed that the Slovak Republic Government will implement a policy to prevent devaluation of the Slovak koruna. When asked by the German agency DPA what consequence will the currency split have in the Czech Republic and in the Slovak Republic, the minister replied that calculations are identical for both republics. In the first four to five weeks, a 15-percent decline in the mutual exchange of goods is expected. After four or five months, however, it should regain the previous level. [passage omitted]

Commentary Views Possible HZDS Split

AU0402182893 Bratislava NARODNA OBRODA in Slovak 3 Feb 93 p 3

[Commentary by Bohumil Olach: "Will They Learn a Lesson From the Public Against Violence Movement's Fate"]

[Text] It is no secret that in the For a Democratic Slovakia Movement [HZDS] there is a wide spectrum of opinions. It is a well-known fact that there are political "federalists," "nationalists," and supporters of tough economic reform, along with supporters of the so-called third way. Also, we must not forget personal ambitions and characteristics of HZDS politicians, great or small. This is why a substanial number of political scientists and politicians predicted that soon there would be an internal differentiation within the movement. These days, the movement is undergoing a serious test.

Seemingly harmless verbal confrontations between Prime Minister Meciar and his deputy Knazko—which could document the so-much sought plurality within the movement—are coming to a head. The unclear fate of the former federal deputies only helps increase the latent tension that has been here for a longer period of time. Now, the presidential elections added fuel to the fire. Despite the fact that the movement publicly expressed thanks to the Federal Assembly deputies for their work they had done in Prague—and majority of them were given, reportedly, better positions than before—not all of them are satisfied. They feel politically "laid off." Even HZDS Council Chairman Rudolf Filkus confirmed this (his function was supposed to be equivalent to that of the movement's chairman). On the radio, he expressed his dissatisfaction over that fact that he had been appointed ambassador. He wanted, so he says, to work for the Slovak economy, but the prime minister did not agree with that. Despite the fact that the prime minister says that R. Filkus previously agreed with the post of ambassador, it is quite possible that this was done under pressure. It is a well-known fact about Filkus that he is a type of a politician who is inclined do seek consensus and even make concessions. Otherwise, he would not have been in the HZDS for such a long time.

Michal Kovac had an even higher position in the federal organs. He was the Federal Assembly chairman. Even the Czech side appreciated his merit regarding the civilized division of the CSFR. This was not enough, for the prime minister rather supported Roman Kovac as the presidential candidate. When it was clear that M. Kovac would become the only HZDS presidential candidate, the name of Ivan Gasparovic, chairman of the National Council of the Slovak Republic, appeared suddenly. However, after consultations (with whom?), he refused to run.

One reminiscence regarding the year 1991: Before the Public Against Violence movement split, it was no secret that the then Prime Minister Meciar did not appreciate most of his ministers. Not only "rebels" left the government, but also less capable ministers of coalition parties. M. Kovac and R. Filkus, however, did not have to leave; no one chased them away. Yet, they did leave, if for no other reason than because of ethical reasons, which the HZDS offered. [sentence as published] A few months later, however, whispers could be heard in political circles that not even Meciar's own deputies were able to reach him when necessary. The silent counterbalance represented by several politicians against the prime minister's strong position came into being at that time, so they say. Then, the large number of tasks—preparations for the victorious elections, appointing the government, talks with the Czech side, the division of the country, and also the activity of many HZDS politicians in Prague overshadowed the latent internal confrontations.

Today, there is visible personal disharmony within the movement. Michal Kovac is still trying to act as an integrating personality—between the prime minister on one side, and M. Knazko and R. Filkus on the other. However, district HZDS chairmen entered the game vigorously. Most of them vehemently rejected Knazko's and Filkus' behavior. They would like to settle accounts at an extraordinary meeting of the HZDS Republican Presidium. It is getting tough. The prime minister has cadres, aspiring for positions, on his side. So he has the majority of the HZDS deputies in Slovak parliament.

When the Public Against Violence was about to divide, it seemed that, it there were a will, the split might not happen. Meciar, however, accelerated everything. It is clear that M. Knazko, R. Filkus, and others, do not want the movement to split. Neither do they want to push Meciar into background. They only want other opinions to be taken into account. It is questionable whether this is possible at all. M. Knazko and R. Filkus will not have easy times at all, nor will Slovakia, for which the HZDS is today responsible.

State Secretary Meets Clinton, U.S. Officials

LD0402193593 Budapest MTI in English 1909 GMT 4 Feb 93

[Text] Washington, February 4 (MTI)—Gyula Kodolanyi, secretary of state at the Hungarian Prime Minister's Office, had a chance, as a member of a small group attending the usual annual prayer breakfast in the U.S. Congress, to briefly meet President Bill Clinton and Vice-President Al Gore in Washington on Thursday [4 February].

Kodolanyi later told MTI that he had expressed the Hungarian Government's good wishes to the newly-elected U.S. leaders, asking their support in solving the problems faced by Eastern Europe.

Kodolanyi also met officials from the State Department, the White House, and Congress. He had the impression that the Clinton administration has serious reservations about the Geneva agreement on Bosnia, and is busy working out its own policy.

Goncz Says Ties With Iran 'Excellent'

LD0402195093 Budapest MTI in English 1902 GMT 4 Feb 93

[Text] Budapest, February 4 (MTI)—Political and business links between Hungary and Iran are excellent, Hungarian President Arpad Goncz said during his talks with Iranian Heavy Industry Minister Mohammad Nezhad-Hoseynian in Budapest on Thursday [4 February]. Goncz said that relations between the two countries could improve even more in a number of areas, such as banking cooperation, and road and air transport. He confirmed the invitation for President Rafsanjani to officially visit Hungary.

Earlier today, the Iranian minister paid a visit to the Opel factory in Szentgotthard and Raba Road vehicle manufacturing plant in Gyor, both in western Hungary.

Goncz, Polish Legislator Discuss Cooperation

LD0402193993 Budapest MTI in English 1841 GMT 4 Feb 93

[Text] Budapest, February 4 (MTI)—Hungary cannot be satisfied with the level of Hungarian-Polish cooperation, since economic and cultural ties have loosened lately, Hungarian President Arpad Goncz told Polish Senate Marshal August Chelkowski on Thursday [4 February]. Goncz said a free trade agreement, to come into force soon, is expected to clear away obstacles to trade and help raise Hungarian-Polish commercial links to a higher level.

He said bilateral political ties were good and remarked they may develop further within the Visegrad group. The Visegrad cooperation group of the Czech Republic, Hungary, Poland, and Slovakia may promote these countries' integration into Europe. Goncz thought these countries had a good chance of joining the European Community within a few years. He said the Visegrad group needs no secretariat or office but it is useful for the member countries to consult each other on measures they plan to take for European integration.

Government Discusses Agriculture, Defense

LD0402195293 Budapest MTI in English 1858 GMT 4 Feb 93

[Text] Budapest, February 4 (MTI)—Thursday's [4 February] government session was led by Interior Minister Peter Boross replacing Prime Minister Jozsef Antall who is suffering from influenza, spokeswoman Judit Juhasz told reporters in a break in the government meeting. The country's bread grain requirement is assured, Minister of Agriculture Elemer Gergatz told the news conference, denying news that Hungary needs substantial grain imports. The minister thought a major rise in bread prices was unlikely.

Gergatz said that despite the drought, last year's grain output was 3.4 million tonnes, including 2.1 million tonnes of bread grain, of which the country needs less than 1.5 million tonnes a year. At the same time, the minister did not exclude possible distribution problems, but this will be the responsibility of the appropriate companies, he added.

The government discussed in second reading and then adopted the defence bill and the related proposal to amend the Constitution. The government will submit the bill to Parliament for urgent discussion so that the new defence law can be passed in June. Under the bill, Parliament would have far greater powers over the Armed Forces, including the basic guidelines for national defence and determination of military strength and categories.

About the constitutional amendment proposed by the government, Defence Ministry Deputy Secretary of State Antal Annus said that it would allow the government to provide for appropriate counter measures without announcing a state of emergency if the country's airspace is intentionally violated or an armed attack occurs from outside the borders. According to the other proposed amendment to the Constitution, the border guard would be part of the defence organisation, and border guard units would be transferred to the Armed Forces when a state of emergency is declared.

Justice Minister on Possible Constitution Changes

AU0402133293 Budapest MAGYAR HIRLAP in Hungarian 2 Feb 93 p 4

[Interview with Justice Minister Istvan Balsai by Tunde Sandor in Debrecen on 1 February: "Amending the Constitution Is Not Timely"]

[Text] On 1 February, Istvan Balsai participated in a conference of judges of Hajdu-Bihar County in Debrecen. At the news conference after the meeting, Balsai said that he was satisfied with the effects of the measures that financially and morally value the judges highly because now there are dozens of applicants for judicial positions. Answering a question, Balsai said that it was a mistake to talk about the 1994 elections as spring elections because the mandate of Parliament expires on 2 May 1994, and the elections will have to be held within 90 days after that. He did not know about any government changes; in his view, the remaining good 18 months would not bring great changes. However, the Parliament's legislative work has to be speeded up; therefore, more law proposals will be qualified as urgent. After the news conference, the minister answered MAGYAR HIRLAP's questions.

[Sandor] Are you working on the amendment of the elections law also to allow Hungarians who are living abroad to vote?

[Balsai] Officials in the Interior Ministry are busy working on resolving the issue of voting rights for Hungarian citizens living abroad.

[Sandor] Is there a precedent for this, namely that the citizens of another country vote in the elections of their country of origin?

[Balsai] All Polish citizens living abroad were able to vote in the last Polish elections. However, our situation is different because of the system of individual election districts. Therefore, we are thinking of setting up a national party list for the foreigners to vote on or the citizens living abroad will have to register at a voting district, and then they will have full voting rights both at the individual elections and at electing on the basis of lists.

[Sandor] After accepting this rule, in your view, what kind of reactions will be created by the Hungarian electoral law in Slovakia, Vojvodina, or especially in Romania?

[Balsai] We are not talking about Hungarian-speaking people but Hungarian citizens. For example, our Hungarian-speaking Hungarian brethren living in Transylvania will not be included in the right to elect. Voting on both sides is out of the question; it would be a legal and political nonsense because then, for example, the Slovaks living in Hungary could also go and vote for Meciar. I only spoke about the Hungarian citizens who are presently abroad or who emigrated.

[Sandor] An increasing number of politicians are talking about the need to change the Constitution. Has the actual legislative work started yet?

[Balsai] I do not think I will be able to talk about an actual drafting of the concept of a new Constitution for some time to come. Indeed, we are often urged to amend the Constitution in various ways, but none of these pressures is bigger than that of the government to change the laws on the attorney's department that cannot be completed in this governmental cycle. Naturally, we have not given up the idea to revise the Constitution in a calmer period, but quite frankly, the conditions are not right at the moment. We are not satisfied with everything, but we can manage somehow. In my view, the current Constitution, although it does not extend to everything, ensures constitutional democracy. We also have a Constitutional Court which, in a given situation, valuably contributes to interpreting the Constitution.

[Sandor] Regarding legislative work, there are many objections as to whether it conforms to the Constitution. Why is this, and does this have any personal consequences?

[Balsai] In Hungary, all parties and political factors have their own expectations from the Constitution. However, it has never happened that the operation of the government or of others could seriously have been criticized regarding conformity with the Constitution. In other words, in the past three years, the Constitution has not been seriously or repeatedly violated, unless we consider that, on several occasions, the president of the Republic refused to sign things on which the Constitutional Court had made definite and clear statements. However, even this is not on the aforementioned scale, and this is not the issue anyway. For the time being, these things will be resolved in another way.

Finance Minister Views Davos Economic Conference

AU0402121293 Budapest NEPSZABADSAG in Hungarian 1 Feb 93 pp 1, 3

[Interview with Finance Minister Mihaly Kupa by Zsuzsa Regos; place and date not given: "Eastern Europe Needs More Investment—Kupa-Assessment on the Davos Forum"]

[Text] The reform and the stability of Eastern European economies requires that the developed countries open their markets more than in the past and that savings increase throughout the world so that a larger amount of this can be used in the region. This is the most important message from the annual world conference in Davos, said Finance Minister Kupa, who participated in the conference, to NEPSZABADSAG. At the Davos meeting, Bela Kadar, minister for international economic relations, led the workshop on foreign investments, and Gyula Horn, chairman of the Hungarian Socialist Party, participated in the group that dealt with the Eastern-Central European situation and the possibilities of cooperation with the West.

Among other things, Mihaly Kupa, who spoke in the debate that analyzed the economic situation in Hungary, Poland, the Czech Repoublic, and Slovakia, said the following to NEPSZABADSAG:

"Today, the politicians and businessmen of the developed countries see clearly that the transformation of the

Eastern European region is the key to the world economic upswing. In connection with this, I said in my contribution that, in our view, it is very harmful that the developed countries do not have a long-term strategy for our region."

[Regos] Today, many people wonder if Hungary will be able to preserve its current leading position in the region. What are your views on this?

[Kupa] The competition, mainly among the Visegrad countries, is becoming much stronger, but there is also a huge interest in, for example, Ukraine and Russia. We have to perform very well, especially in privatization. The businessmen I met usually find Hungarian privatization hesitant and delaying matters, and they are already contrasting it with the processes in our neighboring countries to the north. They objected to our current import quota system, which means that we must be very careful about market protection. Interestingly, businessmen have much greater faith in the region and see more possibilities in it than politicians do.

[Regos] What were the reactions to your proposal that the developed countries should draw up a long-term strategy in connection with the East European economies?

[Kupa] A number of people suggested that a customs and payment union, free trade, and convertibility of national currencies should be established in the region. They are also well aware that the inefficient reforms of the Soviet successor states are causing great losses in the region's economies. For this reason, various financial organizations are preparing a payment system that could bridge the difficulties of the transformation.

[Regos] How would you formulate the message of the Davos conference?

[Kupa] The method is given, all we have to do is begin the cure. The developed countries know very well what they should do. The first message from Davos is that the Uruguay Round of the GATT talks, which dealt with the major issues of free trade, should be concluded as soon as possible, even at the cost of compromises. The second message from Davos might be even more important: It is expected of the new U.S. Government to radically decrease its budget deficit and spending because this is the only way the world's savings—that can for example be used for investments in Eastern Europe—can be increased and the interest rates can be reduced. If the United States continues to have an inward-looking and protectionist economic policy, this would further increase the recession. Therefore, Davos's message is that a boom can only be brought about by a change of attitude in politics and economic policy in the developed countries.

[Regos] Did you have any bilateral talks during the conference?

[Kupa] I discussed the issue of underground, railway, and highway construction with the French minister of transport. As far as I can see, these things will soon be settled. I agreed with the Slovak economic minister that we would both examine the possibility of regional cooperation. For example, an early launching of programs between Vienna, Bratislava, and Gyor and between Kosice and Miskolc would be useful. Finally, I would like to say that I met the second in command from the IMF and held a useful discussion with him.

Sejm Committees Approve Draft Budget

LD0502094293 Warsaw PAP in English 0855 GMT 5 Feb 93

[Text] Warsaw, Feb. 5—The Sejm (lower house) budget and legislative committees decided late on Thursday [4 February] night to accept the government draft budget which envisages that the budget deficit will not exceed 81 trillion zlotys (some 5 billion U.S. dollars). It is possible to maintain the deficit originally proposed by the government due to two amendments to the budget bill introduced by the Cabinet. Pay indexation for employees of the public sector is to be suspended in 1993 while wage increases will take place in April and September. Also, indexation rate of old age and disability pensions is to be decreased to the level of 91 percent of wages in the production sector.

Coalition Supports Budget, With VAT Exception

LD0202175493 Warsaw Radio Warszawa Network in Polish 1700 GMT 2 Feb 93

[Text] Following a meeting in the Sejm building between Finance Minister Jerzy Osiatynski and the government coalition, lasting nearly one and a half hours, it was agreed that the coalition supports the government's position on the budget. This means, Minister Osiatynski stressed, that the coalition supports the government's position with one modification: on 50 percent value-added tax [VAT]. Coalition representatives then provisionally agreed that a special extraordinary meeting of the Sejm, devoted to the budget, will probably be held on 12 and 13 February.

Walesa Urges Disciplining Deputies Infringing Law

LD0402214893 Warsaw PAP in English 2133 GMT 2133 GMT 4 Feb 93

[Text] Warsaw, Feb. 4—Polish President Lech Walesa on Thursday [4 February] wrote to Sejm (lower house) speaker Wieslaw Chrzanowski to call for steps to be taken to discipline deputies who consciously infringe the law and the constitution.

In an apparent reference to the street demonstrations and other protests organised by the right-wing opposition and others in recent days, President Walesa said that "this breach of legal and constitutional order, which each deputy is sworn by oath to respect, is intolerable. There can be no place for this in the state of law we are creating. The political attitudes and the behaviour of parliamentarians are not their private affair."

President Walesa asked Chrzanowski what action he intended to take to discipline deputies. He continued: "Is the presidium of the Sejm in a position to make deputies legally responsible in instances where, instead of using the forum of parliament, they air their disputes in the worst of possible forms—taking them onto the streets."

"The Sejm's indifference in these matters injures the interests of the state and its citizens," Walesa wrote.

Walesa Against Culture Minister Nominee

LD0402140993 Warsaw PAP in English 1251 GMT 4 Feb 93

[Text] Warsaw, Feb. 4—President Lech Walesa said Thursday [4 February] at a meeting of the Presidential Council for Culture that he will not sign Prof. Zbigniew Klajnert's nomination for the post of the minister of culture. Zbigniew Klajnert is Prime Minister Hanna Suchocka's candidate for the post. The president explained that he will not sign this nomination as the Culture Council and some artistic circles are against Prof. Klejnert's candidature.

ZChN Wants To Participate in Ruling Coalition

LD0302211593 Warsaw PAP in English 2016 GMT 3 Feb 93

[Text] Warsaw, Feb. 3—The main board of the Christian National Union (ZChN), in a statement distributed in the Sejm Wednesday [3 February], declared its will to continue its participation in the ruling coalition. According to the ZChN this continuation is conditioned on the loyal observance of political principles accepted by the seven coalition parties before the establishment of the government.

The ZChN expressed an opinion that the programme of political, social and economic transformations can be efficiently implemented by the government only in cooperation with the president.

The ZChN also said it was against the creation of Euroregions with the inclusion of certain parts of Poland's territory into them since they weaken the state unity.

Sejm Approves Amendments to 1991 Pension Law

LD0302173793 Warsaw PAP in English 1525 GMT 3 Feb 93

[Text] Warsaw, Feb. 3—The Sejm (lower house of parliament) on Wednesday [3 February] voted to approve amendments to the 1991 law on pensions. The acceptance of the amendments means that the state budget spendings will grow by some 20 trillion zlotys (1.3 billion USD). The changes were passed by a margin of four votes.

Minister Rejects Walesa Request To Release Files

WS0302133393 Warsaw SERWIS INFORMACYJNY in Polish 2151 GMT 1 Feb 93

["Letter by the Minister of Internal Affairs to the President"—SERWIS INFORMACYJNY headline]

[Text] Lech Walesa, president of the Republic of Poland, has received a letter from Andrzej Milczanowski, in reply to the president's letter of 28 January this year.

The text of the letter is published below in full:

Dear Mr. President,

Having considered the request in your letter, which I have recently received, I would like to say that I am convinced that the current regulations make it impossible for me to comply with your request.

Whenever similar cases appear, also in cases of slander, I do not agree to pass information and documents that confirm or exclude the facts of collaboration with the Security Service or the former Citizens' Militia. This stance has resulted from the law on the Office of State Protection, law on police, and the statement of the Constitutional Tribunal of the Republic of Poland.

I believe that I would be able to change my stance only if a pertinent legal procedure were carried out constitutionally.

Government Has More Supporters Than Opponents

AU0402144493 Warsaw PAP in English 1607 GMT 2 Feb 93

[Text] Warsaw, Feb. 2—Forty-three percent of respondents in a poll released by the Public Opinion Research Centre (CBOS) today said they supported the Hanna Suchocka government, 27 percent said they opposed it while only 5 percent declined to comment on the issue.

Over half of the polled (55 percent) assessed the results achieved by the Hanna Suchocka government as good or very good, while 25 percent took the opposite point of view. One in five had no opinion at all.

Seventy-seven percent of the respondents said they trusted the prime minister, 12 percent were indifferent to her and 2 percent said they did not place their confidence in her.

Almost two thirds were glad Ms. Hanna Suchocka is prime minister.

Fifteen percent would greet the announcement of the Suchocka government resignation with satisfaction, 45 percent with indifference, 26 percent would not be satisfied with the news.

Twenty-eight percent of the surveyed forecast that the cabinet would stay in office for more than a year while according to 20 percent it would last only a year. Another 20 percent claim the cabinet would work only for six months and 5 percent think it would rule only 3 months. 27 percent had no opinion on the issue.

The poll was conducted on a representative sample of 1,208 adults on January 15-17.

Article Views Possibility of Early Sejm Elections

AU0402175693 Warsaw GAZETA WYBORCZA in Polish 1 Feb 93 p 5

[Article by Krzysztof Czabanski: "Where Two People Fight, The Government Wins"]

[Text] Some centrist and right-wing parties are beginning to campaign for early presidential elections. They think it is essential to hold these elections sooner because of the condition of the country and the unconstitutional methods with which people in the Belweder [presidential residence] are managing the most important sectors of Polish life, i.e. finance, the army, the special services, the police, and television.

They are also accusing the president and his entourage of links with the former secret police. This matter will probably be examined in the courts, and I do not think this is so important.

Surveys indicate that people, especially young people, are concerned not so much with a politician's past as with the effects of his present activity. They are not criticizing the president because he might have signed something in the past, but because of the high level of unemployment, the lack of money in their pockets, and the possible closure of regional industrial plants.

The center-right wing's call for early presidential elections is a normal part of the democratic process. It is already known that election committees will appear all over the country. These committees will actually represent the parties of the center-right wing coalition, and will help coalesce these parties in the field. But the center-right wing's weakness is that it has no candidate to replace Lech Walesa.

I envisage new parliamentary elections no later than spring 1994. However, these elections will be brought about by the bad state of the economy and the behavior of the citizens, and not by pressure from politicians.

I do not rule out the fact that only three blocs will stand in the elections, the center right, the center left, and parties that do not belong to the left, the center, or the right. That would be a favorable scenario, for it would guarantee a strong, stable parliament, regardless of who wins. But I am not sure that this will happen.

I do not think a political breakthrough will occur right now. The main power centers—the Belweder, the government, and the opposition—will continue to play their own game, just as they are doing now, except that the conflict between the center-right and the Belweder is undoubtedly strengthening Suchocka's position and making a government ruled by the Belweder less likely. As we know, Lech Walesa has already made it clear he is getting ready to appoint such a government.

In fact, one cannot exclude the possibility of a government run by the president. Such a government will most likely come into being should the Suchocka government

fall. Whether or not that happens depends, among other things, on whether the conflict between the center-right wing and the Belweder develops into a conflict between the center-right wing and the government.

'Success' of Anti-Walesa Demonstrations Viewed

AU0402170693 Warsaw GAZETA WYBORCZA in Polish 1 Feb 93 p 5

[Commentary by Krzysztof Wolicki: "A Short Fuse"]

[Text] The Warsaw demonstrations organized by Jaroslaw Kaczynski and his allies were an undoubted success as far as the number of participants is concerned. The high turn-out is all the more surprising because not even the Solidarity Mazowsze Chapter demonstrations last year produced such a turn-out. If the Warsaw media and their political backers played down the number of participants in the Warsaw University rally of 23 January, they exaggerated the numbers taking part in the march to the Belweder [presidential residence] one week later. One way or another, both events brought their organizers a prestigious success. The following factors contributed to this success:

First, the ingredients, or in other words the disappointment, frustration, and despair of the average person, who has realized that the future offered to him by the reformers in power involves a division of Polish society into those with chances and those without, or in other words a Poland A and a Poland B, and for an indefinite period of time. The arrogance of these reformists is causing additional anger.

Second, the recipe. Kaczynski realized that his rivals for the post of leader of a new anticommunist coalition—Parys [former defense minister], Macierewicz [former interior minister], and especially Olszewski [former prime minister]—have made a propaganda mistake, for they have launched a full-frontal attack on agents, communist sympathizers, the nomenklatura, mafia men, and so on, people who are everywhere and nowhere. Because there is no clear target to shoot at, Kaczynski created one—Walesa. Let us change the president, Kaczynski said to himself, and thus he created a clear target, and a convincing one, to judge from my conversations with participants at both events.

It has become apparent that Jaruzelski and Kiszczak are hated not so much because of their past and martial law as because they enabled Walesa to come to power. I will not attempt to analyze the reasons for this, but demonstrators very often stressed that they only voted for Walesa in the presidential elections because they did not want Tyminski to be president.

President Walesa is clearly failing the test of his social advancement, which involves being able to reconcile his presidential office with his electrician's background. Being unable to do so, he lacks credibility and it is very easy to suspect him of anything and declare that he was a fraud from the very beginning. The next thing we know, Kaczynski's supporters will start saying that Walesa has no right to wear the Virgin Mary emblem.

Third, a narrow target permits the formulation of a clear programmatic base for the coalition. Thanks to this, all the dispersed political streams can coalesce into a single stream—a stream of street politics. Thus, the Belweder march gathered everyone, the supporters of Olszewski and Parys, nationalists, pensioners, students, and the entire antiliberal right wing.

So Kaczynski is holding in his hands a bomb with a very short fuse. Concentrating his anger solely on Walesa will not be sufficient for long. If he wants to overthrow the president, he cannot confine himself to democratic procedures for long because Walesa, unlike Jaruzelski, has no intention of resigning voluntarily, and still has three years to run. The bomb may fail to go off, or it may do so in Kaczynski's hands. But regardless of the political fortunes of Kaczynski and his allies, "fertile is the womb that conceives the child," and the politicians are doing all they can to keep it fertile.

Kaczynski Accused of 'Political Hooliganism'

AU0402172393 Warsaw NOWA EUROPA in Polish 1 Feb 93 p 1

[Editorial: "Hooliganism"]

[Text] Jaroslaw Kaczynski, a politician who has until now kept within the bounds of the political system that emerged after 1989, has crossed the Rubicon by organizing a demonstration against the president. During it, accusations of collaborating with the security service were once again leveled at Lech Walesa. This type of accusation, which is of the gravest kind, should either be immediately proven or should not be made at all. However, Jaroslaw Kaczynski and his political friends have no intention of proving anything. They know that this is an area in which Polish law is deficient—a person against whom such charges are leveled has great difficulty in proving his innocence, whereas a slanderer can often count on the protection of the law. A normal slander lawsuit takes a long time and public opinion is hardly ever convinced that someone is innocent or not. Instead of being settled by the courts, these matters are settled by the mass media, which are manipulated by politicians. Political accusations that defame well known people, accusations that are not backed by proof are cases of political hooliganism. The method is one that has been used by the president and his immediate entourage on several occasions, and this time it is being used against Walesa.

Lech Walesa is not a good president. He won the elections thanks to the image of him as a man of action that was created around him. Some feared that he would be too active, but the majority saw hope in that quality and that is why they elected Walesa president. He has turned out to be a destructive politician, unable to cooperate with other political institutions, a politician who is extremely reluctant to assume responsibility for

his actions. That is a great defect, and who knows whether it would not be better if the president's term of office were cut short. However, these are not the arguments advanced by Kaczynski, Parys, and others. The charges are ones that can be easily understood by political illiterates, charges that belong to the realm of political fiction. The leader of the Center Accord has thus added his name to the long list of populist politicians.

After the demonstration, Jaroslaw Kaczynski expressed regret that the crowd had chanted anti-Semitic slogans and that a group of hooligans insulted Jan Krzysztof Bielecki in front of the Office of the Council of Ministers, where he happened to be quite by chance. However, Kaczynski had earlier decided to organize a demonstration under slogans befitting a hooligan and in the company of hooligans. So, he must assume responsibility for the entire course of the demonstration and its consequences.

Restructuring of Walbrzych Coal Fields Discussed

LD0302154893 Warsaw PAP in English 1426 GMT 3 Feb 93

[Text] Warsaw, Feb. 3—Talks on the restructuring and liquidation of collieries in the lower Silesian coal basin are being held at the Ministry of Industry and Trade between representatives of the "Solidarity" trade union and Deputy Minister Edward Nowak.

The government-prepared programme for the restructuring of Walbrzych region envisages the combining of three out of four collieries of the region into one enterprise and the allocation of means, so far earmarked for subsidies to the excavated coal, to the construction of an anthracite colliery, which could provide jobs for some of the miners threatened with unemployment.

Before the meeting the unionists criticized the programme as not envisaging social protection for redundant workers.

* Impact of EC Association Treaty Pondered

* Initial Effect Viewed

93EP0131A Warsaw RYNKI ZAGRANICZNE in Polish No 150, 15 Dec 92 p 3

[Article by Prof. Ewa Kawecka-Wyrzykowska: "A Challenge for the Economy and Economic Policy"]

[Text] *At the Institute for the Study of the Foreign Trade Business Cycles and Trends, a seminar was held recently during which Prof. Elzbieta Kawecka-Wyrzykowska presented a paper titled "The Influence of Selected Aspects of the Pact on Association With the Community on Poland's Economic Policy." Below we present two texts. The first consists of the main points of the mentioned paper, and the second, including comments during the discussion, is by Dr. Tadeusz Zielinski.*

On 1 March 1992, the trade portion of the European Pact went into force on the basis of the so-called Temporary Agreement. It calls for liberalization of trade in industrial products between Poland and the EC over 10 years. Automobiles, on which duties will be removed by 2002, and textile and clothing products, for which a schedule for ending quantity limitations was established, are exceptions. Trade in agricultural products will be only partially liberalized.

When the Temporary Agreement went into force, the Community removed duties on about 50 percent of Polish industrial products (at 1990 prices). In return, Poland ensured duty-free access to about 27 percent of the industrial imports from the EC. The parties have also given each other limited agricultural concessions.

During the first several years after the agreement goes into effect, the result of the liberalization will most probably be a positive balance of trade. As a result of the reduction of protection, the growth of exports will be greater than that of imports. Such a hypothesis is a result of the schedule for the reduction of trade barriers. Other than the mentioned one-time reduction of customs duties on some industrial and agricultural products from Poland, no other liberalizing moves will take place during the next two years. The liberalization of imports into Poland will begin on 1 January 1995. Then duties on industrial products will be reduced by 20 percent. Over the next four years, they will be liberalized further, until they are eliminated.

The situation for Polish exports is different. As the stronger partner, the Community will begin the process of removing barriers to Polish products earlier (1 March 1993) and will finish the process earlier.

On 1 January 1997, the final reduction other than the above-mentioned exceptions will go into effect. Barriers on Polish agricultural products will be liberalized over the first five years of the pact.

The rate of growth of exports in the first years under the agreement will not be impressive. This hypothesis is a result of the following factors:

- Duties in the EC on industrial products are on the average not high (approximately 5 percent).
- A reduction of relatively low duties distributed over time (five years for the majority of nonagricultural products) cannot produce great growth in trade even if this growth occurs on the basis of a fairly large initial amount (the value of exports from Poland to the EC was 88 trillion zloty (Z) in 1991.
- The liberalization of trade in products that are relatively strongly protected within the Community and in cases in which we could show significant ability to develop exports (textile and clothing, chemicals) is the slowest.
- In imports of agricultural products to the Community, duties are fairly high, and there are also high equalization payments; liberalization of this group of goods will, however, be partial and limited to some items of our exports.

Over time, the current structure of our production and exports will further limit the ability to achieve significant

growth in shipments. The leading items among Polish exports are held by raw materials and labor-intensive and energy-intensive industrial products that are relative simple.

Without major structural changes in our economy, it will not be possible to increase exports decisively. Liberalization is not a substitute for improved competitiveness. Without increased efficiency of production, it will be difficult for Polish producers to meet the foreign competition even in the Polish market. Effectively adapting the economy to the new conditions the European Pact creates is key to taking advantage of the opportunity. Adapting to increased competition both in the domestic and on foreign markets as well as adapting to changed legal regulations in the West European states is the major issue.

The adaptive changes will be expensive for the majority of producers. Many of them will not be able to meet the new operating conditions.

Speaking of the challenges of the pact and its costs for the economy, one should keep in view the fact that they are not exclusively the price for Poland's association with the Community. They are the price of transforming the Polish economy and overcoming the economic backwardness inherited from the previous system. Without structural changes, it is not only difficult to speak of a positive influence of association on the Polish economy but also of its entering on the path of growth. The question of the eventual costs of association should also be opposed to the question of the costs of not integrating.

The success of the adaptive transformations depends to a great degree on investments, replacing used machinery, an increase in productivity, and so forth. For the positive effects of such actions to become visible in a few years, when the increased foreign competition on the Polish market appears, they must be taken now.

During the past three years, investments in the Polish economy have declined (about 10 percent annually). If the situation in this area does not change, liberalization can cause an increased influx of imported goods and the ejection of domestic products and the social costs associated with that ejection. To prevent those costs, an appropriate economic policy that encourages investment is necessary. For now, however, it is more profitable to deposit money in the bank than to invest it.

The process of complicated and socially costly adaptation to association with the Community cannot proceed on automatic pilot. One cannot assume that the pact will implement itself. A special program to adapt the Polish economy to the consequences of the agreement is necessary. Such a program should include the implementation of the obligations accepted and the support and facilitation of the long-term consequences for the economy deriving from it. It should also be combined with a strategy for developing the country.

One of the important elements of such a program should be a schedule for adapting the current laws in Poland to the standards and regulations existing in the Community and the creation of a mechanism to guarantee agreement of all new legislative proposals with Community law. This applies especially to economic law (banking, customs, and partnerships).

Taking advantage of the opportunities in the pact and the effective adaptation of the economy to the agreement also requires an active information policy. It will be difficult for the enterprises to operate in the new conditions deriving from association if they do not know about it in advance.

Surveys of public opinion show that knowledge of the Community in society is only slight. A change in this situation is essential to gain social acceptance for association and future membership in the EC.

The pact on association with the EC offers Poland opportunities to improve its economic situation and to accelerate the systemic changes. These will not go forward on their own. They require a conscious effort on the part of the entire society. They will also not be painless, and we must be fully aware of that point.

* Internal Adjustment Needed

93EP0131A Warsaw RYNKI ZAGRANICZNE in Polish No 150, 15 Dec 92 p 3

[Article by Tadeusz Zielinski: "The First Steps Toward Adaptation"]

[Text] The powerful, accurate thought that the costs and challenges for the economy should be seen not only in the context of the pact on association of Poland with the EC but also as a price for the entire systemic transformation cannot be read as if it concerned a reduction of external influences on these processes. Poland's economy—a country situation in the middle of Europe joined by many international agreements—is already open and must be increasingly open to the outside.

The pact with the EC, including a very broad range of the spectrum of connection with Western Europe, should, however, be considered together with other international agreements previously concluded or prepared for finalization. Membership in the Council of Europe, in the IMF, in the World Bank, the agreement on the free-trade zone with EFTA [European Free Trade Association], our status in GATT constitute a whole. This whole creates an ensemble of supplemental and mutual references in the texts of the agreements. They predict a definite sum of benefits and obligations. They also bring fundamental qualitative changes that can neither be examined in the categories of self-implementing processes (as one of the

discussants seemed to suggest) that do not require intervention by the state nor marginalized by pointing to, for example, the still small percentage of foreign trade in the national income.

In the opinion of many traders, the facilitation of access to the markets negotiated with the EC will actually have little significance in the next few years. On the other hand, however, one should note the optimistic signals of improved quality of some of our products, the improvement in packaging, the mastery of basic rules of marketing, and so forth, which can be associated, as indicated in the discussion, with the high percentage of private enterprises in production and trade. In industry, their percentage of the value of production sold is approaching 30 percent, and the percentage of the private sector of the gross national product is approaching 45 percent.

One cannot underestimate the ability of enterprises to adapt, including the good ones in the state sector. One example can be the none-too-bad quality of our food products. In light of the increase in income from exports of nearly 12 percent noted in January-September 1992—nearly two and three times greater than in 1990-91—the factors contributing to that performance deserve attention and analysis.

Perhaps this performance is not a harbinger of imposing growth. Nevertheless, if one takes into account the weak economies of the Western countries, it could be the first signal of improved competitiveness by our industrial products, an entrance onto a proper path of adaptation to increasing competition everywhere. Because these changes are occurring in Poland quickly, usually more rapidly than they can be caught statistically, it is difficult to predict the future of foreign trade on the basis of econometric calculations, especially if one uses methods that do not include increasing rates of change.

The postulate of making far-reaching structural changes as a condition for expanding exports cannot sound like a slogan. Where, for example, industry is concerned, its particular branches require a different approach in establishing an economic strategy. Restructuring in ownership and organization or technological restructuring or financial restructuring is different in each case.

The appropriate work on the plans for an industrial policy, including the adaptive challenges with regard to the EC, were already begun in September 1992 by the Ministry of Industry and Trade. It is thus not a blank page. Preferences for investments were included in the plans for the socioeconomic policy of the government adopted in October by parliament.

In January-September 1992, there were still signs of the slowdown in investment that has been occurring since 1989. In the private sector, there was an increase in investments by 40 percent in current prices. After accounting for inflation (32 percent), some growth remains.

During the first half of 1992, there was another phenomenon that covered the entire economy—namely, the reduced percentage of investments for expansion (for construction and assembly) in comparison with the first half of 1991. This sign shows a shift of emphasis to modernization and training or the selection of the appropriate direction to increase enterprise efficiency. Clearly, a more precise examination of this change will be possible after collecting data, including the private sector and the particular branches of industry.

The idea of a need to renegotiate the pact on association with the EC wound its way through the discussion. Some also pointed to the possibility of society rejecting it. The pact does not include provisions for renegotiation, as the presenter noted. The very raising of this issue now, when the ratification has not ended, would have unfavorable consequences for Poland, including political ones. After the pact goes into force, it can only be abrogated with six months' notice. It would be worth knowing, however, the costs of excluding our economy from the process of European integration. As yet, there is no such alternative calculation.

The question "of an active information policy" promoting the opportunities the pact offers us in relation to the enterprises differs from the question with respect to society at large. Acceptance by the first can be gained by training; the acceptance of the latter can be gained by persuasion supported by solid sociological surveys adapted to particular groups. Making farmers "aware" should be treated as still another completely separate question.

Sources Claim Serb Vessels Transport Weapons

AU0402145593 Bucharest DREPTATEA in Romanian 2 Feb 93 p 1

[Article by B.A.: "Are the Serbian Convoys on the Danube Transporting Weapons?"]

[Text] The Serbian convoys on the Danube are not transporting fuel, but rather weapons, say several sources in offices of Romania's state apparatus that have spoken to an AR PRESS reporter. According to the same sources, who wished to remain anonymous, the weapons are coming from the former USSR, but certain top officials of the state power in Romania have played an important role in those transactions. The news could not be confirmed by sources willing to state their identity.

'Disaster' Potential of Embargo Issue Cited

AU0402200693 Bucharest ROMPRES in English 1847 GMT 4 Feb 93

[Text] Bucharest, ROMPRES 3/2/1993—The spokesman for Romania's presidency, Traian Chebeleu, told a February 4 news conference that the situation created on the Danube in consequence of successful as well as failed attempts to breach the embargo on Yugoslavia by Yugoslav ships was a matter of worry for Romania's president and government, as it might turn into a disaster any minute.

Delegation Responds to Embargo Charges

AU0402200093 Bucharest ROMPRES in English 1901 GMT 4 Feb 93

[Text] Strasbourg, ROMPRES 4/2/1993—The Romanian delegation to the proceedings of the Parliamentary Assembly of the Council of Europe submitted an aide-memoire in reply to charges brought against it one day before in one of the standing committees regarding the way Romania observes the UN embargo against Yugoslavia. The aide-memoire gives a detailed description of the steps taken by the government of Romania for the enforcement of the embargo instated by the Security Council resolution, with an emphasis on the steps regarding transport on the Danube.

The Romanian delegation mentioned that the Romanian Government requested the Security Council to "act firmly at the source so as to prevent the departure for Yugoslavia of ships loaded with petroleum, which are now in the ports of Reni or Ismail (Ukraine), and reminded that Romania requested international assistance consisting of speed boats and technical means for the interception of the convoys violating the embargo, as well as expert international assistance because Romania is for the first time in the position of having to handle such a situation."

FRY Ships Repeat Requests To Pass Danube Gate

AU0402195893 Bucharest ROMPRES in English 1853 GMT 4 Feb 93

[Text] Bucharest, ROMPRES 4/2/1993—The Panchevo and Petrovaradin, the two Yugoslav ships that failed to get access through the Romanian gate of the Portile de Fier II (Iron Gates II) hydropower system on the Danube, have requested permission to pass for the third time since Monday [1 February] when, in keeping with the UN Sanctions Committee, they were barred from sluicing upstream. Also today, Thursday 4 February, the Pandevo, with no barges in tow, made a similar request. All three were denied transit, in accordance with directives in force, Iron Gates power system manager Iorgu Diga told the press.

Giurgiu Shipping Line Director Bone Stan told a ROMPRES correspondent that four Romanian convoys are further barred by Serbian Danube authorities from their normal course to destination ports: one of them, carrying sugar from Germany is waiting at Veliko-Gradishte. The other three, at the tow of the Posada, Bocsa-4 and Giurgiu-13, moored on exit from Yugoslav to Hungarian waters, are loaded with chemical fertilizers for Western partners mainly.

Teodoru Comments on FRY Statements

AU0402213093 Bucharest Radio Romania Network in Romanian 2000 GMT 4 Feb 93

[Interview with Transportation Minister Paul Teodoru by unidentified reporter on 4 February; place not given—recorded]

[Text] [Reporter] Mr. Minister Paul Teodoru, we are glad that we have caught you on the phone because we want to ask you a direct question. How do you view the declaration made by your Yugoslav counterpart?

[Teodoru] I heard the declaration of my Yugoslav counterpart, as you call him, on your radio broadcast. Certainly the Romanian Government, and I in my capacity as minister of transportation are always ready to discuss issues that concern us, problems that in general concern and are of interest to our countries. Certainly, these talks referring to the traffic on the Danube can be held only within the framework of the UN resolutions that refer to the embargo that is being applied to the transportation in this area.

[Reporter] In concrete terms, have you fixed a date for your meeting or do you intend to contact the Yugoslav side?

[Teodoru] No, we do not have a date. As usual, concrete conditions for certain discussions are established through diplomatic channels.

[Reporter] Mr. Minister, I would like to ask you another question. What is the situation on the Danube at this moment?

[Teodoru] The situation on the Danube is calm. We have four convoys stationed on the Yugoslav part of the Danube, three convoys downstream and one upstream. After the statements of the Yugoslav transportation minister made yesterday [3 February] through diplomatic channels, the Yugoslav side will allow them to continue their voyage toward Hungary.

Memorandum Signed With Ukraine on Embargo

AU0502085893 Bucharest Radio Romania Network in Romanian 0500 GMT 5 Feb 93

[Text] Yesterday, 4 February, Romanian-Ukrainian talks were held in Odessa on cooperation in action to ensure the proper observance of the embargo on the Danube against Yugoslavia.

The sides signed a memorandum that includes a number of specific provisions that refer to the more direct involvement of international experts in the Ukrainian ports of Reni and Ismail. The observers' mission will monitor and supervise the observance of the UN Security Council provisions regarding sanctions against Yugoslavia by all countries on the river.

Deputy on Moldova's Turning to 'CIS Empire'

AU0302152393 Bucharest ROMPRES in English 1103 GMT 3 Feb 93

[Text] Bucharest, ROMPRES 3/22/1993—"Bessarabia is now on the verge of the precipice. We may now either win it or lose it for a long time to come," said in the Chamber of Deputies poetess Leonida Lari, Christian Democratic National Peasant Party [PNTCD] deputy, of Bessarabian origin. "Many chances have already been missed for the reintegration of Romania," she said, adding that "recent developments unfortunately prove amply that Mr. Mircea Snegur—president of the Republic of Moldova—steadily turns Moldova to the new CIS empire. Besides, there are already many KGB paramilitary formations waiting for just one signal."

Deputy Leonida Lari proposed to the Parliament of Romania a three-point resolution:

1. The referendum cannot be held only in one part of the country, Bessarabia.

2. Recognition of the independence of the Republic of Moldova only from the CIS empire not from Romania.

3. With the recognition of Moldova's independence, the international organizations, the UN included, violated legal rights of Romania to territories lost through territorial theft.

Mrs. Lari concluded that "if this resolution is not passed, the Romanian Parliament proves weakness, while its endorsement could keep the traitors of Bessarabia at bay."

Danger of Return to 'Soviet Empire'

OW0502115193 Moscow INTERFAX in English 1120 GMT 5 Feb 93

[Following item transmitted via KYODO]

[Text] The Romanian minister of foreign affairs, Teodor Malescanu, speaking on Thursday [4 February] in the chamber of deputies of Romania, said that with the resignation of the head of the Moldovan parliament, Aleksandru Mosanu, the situation in the neighboring republic has sharply changed. According to him the danger of the return of Moldova to the Soviet empire in the form of the CIS has appeared.

In a resolution to discuss the issue deputies expressed anxiety over the situation in Moldova. The deputies consider as "inadmissible the conduct of a referendum in Moldova at the same time as there are foreign troops in the republic and there is anti-Romanian propaganda." In the document it is considered expedient to continue purposeful work on the further integration of the two Romanian states, and with this aim the necessity to speed up work on the treaty on friendship and cooperation between Moldova and Romania was recognized.

Government View of Moldovan Crisis

AU0402154093 Bucharest ROMPRES in English 1039 GMT 4 Feb 93

[Text] Bucharest, ROMPRES 4/2/1993—"Recent developments in the Republic of Moldova are considered by Romania's Government as extremely grave," said Foreign Minister Teodor Melescanu in his address on January 4 in the Chamber of Deputies. The executive, he said, follows the evolutions in the other Romanian state "with great worry and sadness." Regarding the causes of the situation, the foreign minister referred to the presence of the 14th Russian Army in the territory of the Republic of Moldova, to the gravity of the economic crisis, the effects of the failure to settle the conflict in the Dniester region, as well as the complications caused by the debate proceeding in the Republic of Moldova as to whether the republic should adhere to CIS or not.

The Romanian Government's actions, Teodor Melescanu said, proceed on two main directions: The speeding up of the process of economic integration between the two states and the amplification of a "careful and nuanced" political dialogue, with all forces in the Republic of Moldova, with special care for the forces that declare favoring the union with Romania.

Referring to the views presented by the foreign minister on behalf of the Romanian government, a number of deputies, including Gabriel Tepelea, Nicolae Cerveni, Victor Babiuc, and Serban Radulescu posed questions and made observations. They referred to the measures to support the Romanians in Bessarabia, to the international support given by Romania to the Republic of Moldova, the contribution of the Bucharest authorities to the settlement, in the international context, of grave issues existing in the other Romanian state.

Foreign Minister Melescanu answered that Romania covered 70 percent of the Republic of Moldova's economic exchanges, except for the CIS countries, 7,400 youth from the Republic of Moldova learn in Romania on scholarships, the Romanian Government spent 300 million lei on editing school books for the Republic of Moldova, and a 2.2 billion lei credit was given as economic support. As for the future, the foreign minister announced the opening of a joint bank of the two states in Chisinau, the setting up of free economic

zones, and the introduction in Romania's budget of a specific chapter for financing the relations with Bessarabia. Also, negotiations will start soon on the treaty of fraternity and integration between Romania and the Republic of Moldova.

Teodor Melescanu also highlighted that Romania's Government made demarches in Chisinau to discourage the idea of organizing a referendum. He opined that the Government of the Republic of Moldova would renounce the referendum on the union.

Parliamentary Crisis in Moldova

AU0402125493 Bucharest ROMPRES in English 1125 GMT 4 Feb 93

[Text] Bucharest, ROMPRES 4/2/1993—Daily LIBERTATEA prints under the headline "In Between the Tectonic Forces of the Soviet Union" statements made by Romanian politicians of various colors, regarding the political situation in the Republic of Moldova as a consequence of the resignation of the Chisinau Parliament's president and of other parliamentary leaders.

Radu Vasile, a senator for the National Peasant Christian-Democratic Party [PNTCD], is of the opinion that the resigners "found no viable alternative for making the people and public opinion become aware of the threat which lingers over the country" as a result of Moscow's imperial forces' machinations and that of the interposed.

Tudor Mohora, a deputy on behalf of the Socialist Party of Labor [PSM], states that "such divergencies are a consequence of an imperial policy, of pressures of all kinds made over the leadership of the Moldovan Republic, aiming the obstruction of its normal and gradual integration within Romania."

Ion Puiu, President of the National Christian Democratic Party and one of the vice presidents of the Pro Bessarabia and Bucovina Association, is of the opinion that "in the situation created after the—at least apparent—disintegration of the Soviet Union, the Republic of Moldova has the duty to defend its total independence from the CIS or any other state in its composition, like Ukraine." Reminding that the current territory of the Republic of Moldova, as well as other territories, had been stolen by Stalinist Russia in 1940, he states that "it is a nonsense if the Republic of Moldova is defending its independence from its mother country."

"We do not want union at all costs," says Corneliu Vadim Tudor, President of the Greater Romania Party [PRM]. He believes that "extremely dramatic events are taking place in ex-Soviet Union, which at the same time are unforeseeable," and that "it would be hazardous for a small state like Romania, facing major difficulties, to rush on that matter." He also stated that "we are, of course, concerned about the newly created situation in Bessarabia and of a prolongation of the murderous tentacles of the Stalinist policy which had done so much harm in the past and now as well."

Dinu Patriciu, a deputy on behalf of the National Liberal Party-Young Wing [PNL-AT], is considering that "our traditional enemy of the past three hundred years had been east of our country, and now it is still there. The pressure is huge, even if the ideological instrument which created the cohesion of the empire for more than 70 years had now disappeared. In that respect, the resignation of the Moldovan unionists seems to me an unjustified gesture. On the contrary, they have the duty to fight."

Statement on Moldovan Events Issued

AU0402154193 Bucharest ROMPRES in English 1149 GMT 4 Feb 93

[Text] Bucharest, ROMPRES 4/2/1993—In a statement unanimously adopted Thursday, February 4, the Romanian Chamber of Deputies expresses concern over the political developments in the Republic of Moldova.

"Observing the option of our Bessarabian brothers, we believe that we can only have a future together and that the road towards it depends on the efforts made by each of us to fully assert that which unites us in our historic destinies, in culture, traditions, and language," reads the statement.

Underscoring that this was not meant as interference in the internal affairs of the Republic of Moldova, the Romanian Chamber of Deputies considers a referendum on the future of that country as untimely when foreign troops are still on its territory, as well as hotbeds of tension, systematic and intense anti-Romanian propaganda is being carried out, and separatist actions to create nationalist political enclaves are under way.

The Romanian Chamber of Deputies considers as urgent the finalization of the treaty of integration and fraternity between Romania and the Republic of Moldova and voices its conviction that in spite of the difficulties ways will be found to achieve reintegration as a nation and as a state.

FSN Allegations on Foreign Policy Rejected

AU0402212093 Bucharest Radio Romania Network in Romanian 1800 GMT 4 Feb 93

[Text] A statement was faxed to us by the Romanian Foreign Ministry spokesman, which says that during the the National Salvation Front news conference today several speakers made critical remarks about foreign policy and the activities of the Foreign Ministry.

As far as the point of view and the actions of the government in connection with the relations of Romania with the Republic of Moldova are concerned, we believe that during the speech that Foreign Minister Teodor Melescanu delivered in parliament this morning, concrete views and actions promoted by the government on this issues were presented. Therefore, no other clarifications are necessary to demonstrate the lack of basis for the affirmations made at the news conference, says the statement from the Foreign Ministry.

FDSN Declaration on Council of Europe Association

AU0502091993 Bucharest DIMINEATA in Romanian 2 Feb 93 p 3

["FDSN Declaration Regarding Romania's Association With Full Rights to the Council of Europe" signed by Oliviu Gherman, FDSN President, Vasile Vacaru, leader of the FDSN parliamentary group in the Senate, and Dan Martian, leader of the FDSN parliamentary group in the Assembly of Deputies, in Bucharest on 29 January 1993]

[Text] After it obtained a relative majority in the 27 September 1992 elections, the Democratic National Salvation Front [FDSN] assumed the difficult responsibility of governing, an act in which it pursues the continuation and enhancement of the process of transition of the Romanian society from a totalitarian, communist regime to a pluralist democracy, to building the state of law, establishing a market economy, and guaranteeing fundamental human rights and freedoms, also for citizens who belong to ethnic minorities. Likewise, we rejoice at the decision to ensure Romania's participation in the international community, particularly in building a new Europe, which would allow the unhampered and constructive participation of each country in Europe in the efforts to establish new interstate relations and cooperation for the benefit of all European nations, and would ensure the progress of humanity, and finding solutions, through joint efforts, to the acute problems confronting mankind at this end of century and millennium.

The FDSN believes that measures of a political, legal, economic, and social nature that have been taken in the past three years, are a solid basis that ensure the adequate framework for the continuous democratization of Romania's political life, while establishing the conditions for Romania's complete integration in European democratic structures.

Within this context, the FDSN and its parliamentary groups in the two Chambers of the parliament believe that Romania's acceptance with full rights in the Council of Europe is justified. This acceptance would represent support of our national efforts to ensure continuing democratization within the country and to make a contribution to fulfilling the aspirations of all nations in Europe for cooperation and peace.

The FDSN has learned with satisfaction about the declaration of political forces represented in the Parliament, regardless of their orientation, in which they speak out for Romania's admittance this spring as a member with full rights in the Council of Europe.

As a party that has assumed a governing role, the FDSN—being aware of the fact that there are still difficulties to overcome and problems to solve—is determined to act, in the present and in the future, too, for the endorsement and implementation of certain measures of a political, legal, economic, and social nature, which would bring Romania even closer to European standards, and it reasserts its commitment to the generous objectives of the Council of Europe.

The FDSN parliamentary groups call on their representatives in the Romanian Parliamentary delegation for the coming session of the Parliamentary Assembly of the Council of Europe to assure the leadership of the pan-European body and the member states, that in spite of difficulties connected with the period of transition, Romania is committed to the consolidation of the state of law and to making unconditional progress on the path of democracy, of strengthening the bases of political pluralism, and of strictly respecting people's fundamental rights and freedoms.

Oliviu Gherman, FDSN president
Vasile Vacaru, leader of the FDSN parliamentary group in the Senate
Dan Martian, leader of the FDSN parliamentary group in the Assembly of Deputies
Bucharest, 29 January 1993

1992 Living Standards Decline Documented

AU0402153093 Bucharest ROMPRES in English 0917 GMT 4 Feb 93

[Text] Bucharest, ROMPRES 4/2/1993—According to the bulletin of statistics provided by the National Statistics Agency, salaried families' expenditures for food commodities edged 56 percent, dimming the share allocated for other than food commodities, especially durables. The retailers' sales slowed down 17.5 percent compared to 1991. Retailers' sales of foodstuff diminished 28.9 percent, while the volume of services sold was 2.3 percent lower. In retailers' turnover, private sector counts for 44.9 percent of whole food sales (21.9 percent in 1991) and 47.4 percent of the nonalimentary brand sales (25.1 percent in 1991.)

During 1992, consumer price index boomed a 199.2 percent, at a monthly inflation rate of 9.6 percent compared to 10.3 percent in 1991. Taking October 1990 as reference, when state subsidies on certain commodities were partly cut for the first time, consumer prices multiplied 13.3 times (15.7 times foodstuff, 12.1 times nonalimentary, 10.5 service commodities.)

The net income of wage-earners (adjusted to inflation) diminished by an average 15 percent over 1992. Net pensions diminished 15.4 percent compared to 1991. Unemployment rate reached 8.4 percent out of the active working force, the number of unemployed people having reached 929,019 by December 1992.

Izetbegovic Rejects Plan, Denies Waiting for U.S.

LD0402211493 Madrid TVE Internacional Television in Spanish 2000 GMT 4 Feb 93

[Report on interview with President Alija Izetbegovic, to unidentified TVE special correspondent; Izetbegovic in English with Spanish subtitles; translated from English; all English as heard; date and place not given—recorded]

[Text] The United States will only back the peace plan for Bosnia proposed by Cyrus Vance and David Owen [Conference on Yugoslavia cochairmen] if all the parties accept it. The Muslim position rejecting the plan, considering that the territorial division map recognizes the ethnic cleansing carried out by the Serbs, is thus strengthened. President Alija Izetbegovic of Bosnia-Hercegovina preferred to stay in Sarajevo. There he made exclusive statements to TVE's special correspondent.

[Izetbegovic] My staying here have no connection with some message of the United States' new government. Decided to stay here because our arguments for refusing, for opposing to the Vance-Owen plan, especially concerning the maps, are very clear. It's these maps legalize the ethnic cleansing and that cannot be allowed.

U.S. Restrictions on Karadzic Castigated

LD0402141093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1307 GMT 4 Feb 93

[Text] Sarajevo, 4 Feb (TANJUG)—Regarding the State Department decision to restrict the stay and movement of Radovan Karadzic and the members of the delegation of the Serb Republic [in Bosnia-Hercegovina] to New York, the Government of the Serb Republic has issued the following statement:

The Government of the Serb Republic maintains that the stand of the U.S. Administration crudely insults the Serb people in the Serb Republic and places its top political representatives in a humiliating position. With this decision, the U.S. Administration has expressed partisanship regarding the conflicts in the former Bosnia-Hercegovina. By barring legitimate representatives of our people from moving freely, it has shown the true nature of American democracy.

Following this decision, state bodies of the Serb Republic can hardly guarantee the freedom and safety of American citizens and representatives of U.S. media on its territory, even more so because there is irrefutable evidence that some media took part in sinister actions which led to false accusations being made against the Serb people, and this undoubtedly influenced this latest decision of the U.S. Administration, the statement of the Serb Republic concludes.

Sarajevo Radio Updates Fighting

AU0402161493

[Editorial Report] Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian at 1400 GMT on 4 February carries in its regular 30-minute newscast several reports on fighting in the republic.

The Brcko Press Center reports that "the enemy has been shelling Bosanska Bijela, Dubrave, Jakovice, Gornji Vuksic, Ulice, and Poljaci intensively since the early morning hours. On this part of the front the sky itself seems to be on fire, as the number of houses in flames increases hourly."

The Gradacac Information Center reports that "on the eastern part of the front, mortars have been firing from (?Vis) to Mionica, and there are infantry clashes. On the western part of the front, around Praga, antiaircraft machine guns and tanks from Krecane Gornje have been pounding Novalici, which is also under mortar fire from the direction of Skugric. Recoilless guns are firing at Mionica."

Reporting from Tuzla, Salih Brkic says "the Mount Majevica front is today relatively quiet with the usual sporadic shelling and fire from small arms. The chetniks shelled Kalesija and Celici again this morning. They fired shells from (?Zelina) and (?Osmak) at Donji (?Rajinci), Miljanovci, Kalesija, and (?Meici). At the same time, they were firing with a Browning from Vis at the road Miljanovci-Kalesija-Memici. The Kalesija Defense Command says the chetniks attacked UNPROFOR [UN Protection Force] forces again today. It happened when the UNPROFOR forces drove two trucks with humanitarian aid to Medjedja, where refugees have been pouring in from Kamenica and Cerska. No details on this attack are available yet."

Reporting from Gorazde, Semsudin Tucakovic says "this morning on the Upper Drina front was marked by chetnik provocations with infantry weapons." He says "the Kalinovik chetniks have on several occasions refused to obey orders from their most extreme commanders. That is why the terrorist commander Ratko Mladic [Bosnian Serb commander], who, by the way, was born in Kalinovik, has had to recently send in a group of Russian volunteers and a unit of Seseljists from Serbia, whose primary task is to restore the self-confidence of the chetniks from the Kalinovik plains."

Jovo Jovanovic reports from Sarajevo that "the enemy intensified his attacks on the city this morning. At about 1300, some 10 shells landed on Hrid and Jarcedol, and at about 1330 more shells were fired at Hrasno Hill and Trg Heroja with increased fire from infantry weapons. At the same time, explosions could be heard from the direction of Mojmilo Hill, while between 1300 and 1400 Dobrinja Two, Three, and Five were targeted by the aggressor's artillery."

The Vogosca Press Center reports that "it is a relatively quiet day here even though the early morning hours hinted at one of those fierce days. Explosions can be heard occasionally, while an antiaircraft machine gun is

firing from Orahov Brijeg." The report says that "from time to time, sowers of death from Poljine try to take their toll in human lives."

Serbs Reportedly Continuing Attacks

AU0502111093

[Editorial Report] Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian at 0900 GMT on 5 February carries several reports on fighting in the republic.

From Tuzla, Salih Brkic reports that "the aggressor's offensive against the region covered by the Second Corps of the Army of Bosnia-Hercegovina in Tuzla is continuing. During the last 24 hours, fierce battles raged around the corridor in Bosnian Posavina and Chetniks also attacked the region around Tuzla itself." Brkic also says that "as of 2000 last night, Kalesija was again hit by chetnik shells from Zelina while the Miljanovci-Kalesija road was pounded from Vis with a Broving and an antiaircraft gun. At about 0800 this morning, the air raid alarm was sounded in Tuzla and several communes of the region, as an aggressor's aircraft was seen flying over the region around Zavidovici."

From Gradacac, a report by the Information Center of the Gradacac Commune War Presidency says that "the whole day yesterday on the Gradacac battlefield was marked by continuing attacks along all defense lines" and that "the night was relatively calm with occasional artillery and infantry provocations by the enemy. Commissions for the exchange of prisoners of war and the bodies of slain soldiers agreed an absolute cease-fire as of today, 5 February at 0700 until Sunday 7 February at 1800. The cease-fire was agreed in order to take out the bodies and exchange prisoners between the warring sides. Although the enemy gave assurances that he will respect the agreement, he nevertheless launched an artillery attack against the regions of Pozarike and Simovac at 0750 this morning." Finally, the report says that "as we report, the enemy is carrying out occasional minor provocations at the northern and eastern sections of the front."

From Brcko, a report from the Commune Press Center says that "all until midnight last night, Serbo-chetniks launched intensive attacks against the defenders at the Brcko battlefield." The report further says that "even after these enemy offensives, the Brcko defense lines remained stable. At 2030 last night, an air raid alarm was sounded in the free territory of Brcko. The radar system of the 108th Brcko Brigade registered a larger group of Serbian cargo helicopters flying in the Bijeljina-Pelagicevo direction."

From Tesanj, Ramiz Brkic reports that "last night, chetnik artillery attacked from (Lijepo Brdo) against the communications [words indistinct] Kalosevic. In this attack, the aggressor used antiaircraft guns and also launched 15 82-mm mortar bombs." Further on, Brkic says that combat "operations were resumed in Sije this morning. Six new mortar bombs were launched. About 2100 last night, the general danger alert was sounded in Tesanj. Two howitzer shells launched from Vis, that is, from the occupied Teslic, fell at the center of Tesanj. Immediately afterward, the border territory between Tesanj and Maglaj was flown over by an enemy aircraft in a low-level flight which did not carry out any combat activity."

From Zavidovici, a correspondent whose name is indistinct reports on "occasional chetnik provocations against Mahoj and (?Hajdarici) this morning."

From Sarajevo, reporter (Sabahita Maluhic) says that "it is calm in Sarajevo but for the already well-known exception of Stari Grad, the outskirts of which have been attacked by chetniks with an antiaircraft machine gun and an antiaircraft gun. It is calm in Centar and in Novo Sarajevo. The Novi Grad Security Station reports on occasional infantry shooting from the direction of Nedjarici. It is almost absolutely calm in Stup and Dobrinja."

Reporting from Vogosca, Enver Kazan says that "the enemy resumed activity from antiaircraft machine guns, antiaircraft guns, and the sowers of death [as heard] directed rather heavy fire at Hotonja, Menjak, Ugorsko, and Kobilja Glava."

Croat Forces Not Withdrawn From Gornji Vakuf

AU0502120693

[Editorial Report] Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian at 1100 GMT on 5 February carries in its regular 12-minute newscast several reports on fighting in the republic.

From Bugojno, Akip Vagic reports that "after a lull of several days, enemy artillery have resumed operations in the Bugojno battlefield again. Last night and early this morning, dozens of artillery shells fell on the old town of Prusac, as well as on the defense lines in the direction of Donji Vakuf, which are held by the fighters of the Army of Bosnia-Hercegovina of Bugojno, Donji Vakuf, and Jajce."

Also from Bugojno, Mehmedalija Zulic reports that it is "mostly calm in the region. The last time a general danger alert was sounded was yesterday shortly after 1400 when a (?gun) shell fell on the center of the town. Defenders were also provoked from the region of Zeljava, which is under UNPROFOR [UN Protection Force] control."

In Gornji Vakuf, an announcer-read report by Akip Vagic records, the situation is "very serious." "Snipers were in operation the entire day and about 30 shells fell on the town. The town has been completely cut off and blocked. There has been no electricity for more than 30 days. There is (?a problem with) drinking water as well. Food is in short supply." The report also says that "the forces of the Croatian Defense Council, which had come from outside, have still not been withdrawn."

From Sarajevo, (Sabahida Malikic) reports that "at 0940, chetniks shelled the outskirts of Gazin Han" and that at "about 1100, chetniks opened infantry fire from Grbavica against Borak and the Jewish Cemetery. It has

been reported from Dobrinja that at about 1000, chetniks attacked the entire district with antiaircraft machine guns and antiaircraft guns."

Belgrade Radio Updates Fighting

AU0402154593

[Editorial Report] Belgrade Radio Beograd Network in Serbo-Croatian at 1400 GMT on 4 February carries within its regular 47-minute newscast several reports on the fighting in Bosnia-Hercegovina.

Reporting from Bratunac, correspondent Miodrag Negovanovic says that "the Muslims opened fire on the Drina front and around Bratunac again today. Fierce fighting took place in Bjelovac and Zalozje, upstream from Bratunac." According to him "the fighters of the Bratunac brigade fiercely responded to Muslims."

According to Zvornik correspondent Boro Miljanovic, "in contrast to last night, which was relatively quiet, the Serbian military forces report that the clashes were renewed this morning on the southern part of the front, around Kamenica."

Brcko correspondent Bosko Lomovic reports that "the fighters of the 108th brigade of the Croatian Defense Council, which is dominated by Muslims, last night opened mortar fire on the suburbs of Grbavica, Dizdarusa, Suljagica Sokak, and Rijeke." According to Lomovic, "the hamlet of Lukici, which has been under Serbian control since yesterday, has been subjected to particularly heavy fire."

Muslims Reportedly Attack Serb Positions in East

LD0502115893 Belgrade TANJUG in English 1143 GMT 5 Feb 93

[Text] Zvornik, February 5 (TANJUG)—Moslem forces renewed artillery-infantry attacks near Zvornik and Bratunac in eastern Bosnia-Hercegovina early on Friday [5 February] morning. Serb military sources said that Serb units were repulsing the attacks and firmly holding their positions in the southern sector of the defence line of the Serb municipality of Zvornik, some 15 km north of the Zvornik dam. Commander of the Zvornik Garrison of the Bosnian Serb Army Major Vinko Pandurevic said that Moslem troops had been pushed back in counterattacks in the past two days in certain parts of the front for as much as 8km and were now even further back from the banks of the Drina River. Early this morning, Moslem units attacked positions held by Serb defenders of the municipality of Bratunac in eastern Bosnia from several directions, using all their weaponry, including tanks and cannon of large caliber. The Serb fighters are holding their positions and they have already gained full combat initiative in certain parts of the front, the Serb sources said.

Colonel Svetozar Parezanin, commanding officer of the Drina corps of the Bosnian Serb Army, said that Moslem forces were trying to reach the left bank of the Drina, which is the border with the Federal Republic of Yugoslavia, and to draw this neighbouring country into war at all costs. This was also the objective of yesterday's artillery attack on some parts of the Ljubovija municipality in the Yugoslav Republic of Serbia.

Bratunac Under Attack From Srebrenica Muslims

LD0402132193 Belgrade TANJUG Domestic Service in Serbo-Croatian 1039 GMT 4 Feb 93

[Text] Bratunac, 4 Feb (TANJUG)—Srebrenica Muslims and their foreign collaborators this morning again attacked the Serbian defenders of the Bratunac municipality with heavy artillery. The all-out attack came from the direction of Srebrenica and the fiercest fighting, as yesterday, is in the wider area of Zuti Most and in the Zalezje-Obadi direction, 10 km southeast of Bratunac.

During the fighting yesterday, when they sustained no casualties, the Serbian defenders forced the attackers back by about two kilometres. But the Muslim commanders, embittered by the defeat, ordered a fresh attack in the very same area this morning, despite tens of dead and wounded on their side, says the Bratunac garrison command of the Serbian Republic Army (in Bosnia Hercegovina).

As in previous days our response was strong and resolute, and we have full initiative in our counterattack, which can be proved by the attackers' casualties in the fighting, Colonel Svetozar Parezanin of the Drina Corps of the Serbian Republic Army told a TANJUG correspondent.

Our defense is completely stable and, in full cooperation with representatives of the civilian authorities in Bratunac, we shall achieve our main aim—the successful and final defense of the Serbian ethnic territory in this part of the left bank of the Drina River, emphasizes Major Tihomir Ivanic, a Serbian Republic Army officer.

Heavy Fighting Around Sarajevo, East Bosnia

LD0402230393 Belgrade TANJUG in English 2254 GMT 4 Feb 93

[Text] Belgrade, February 4 (TANJUG)—There was heavy fighting Thursday [4 February] in and around Sarajevo and near the city of Zvornik, eastern Bosnia.

The Bosnian Serbs news agency—SRNA—reported that the dominant feature on the Sarajevo battlefront Thursday was the activity of the Moslem artillery and snipers.

Some twenty odd mortar shells fell on the Serb-controlled sections of Aerodrom, Ilidza and Grbavica, killing one person and heavily wounding another, the agency said.

Mortar fire was opened on Ilijas, some ten kilometers west of Sarajevo, while snipers were particularly active in Ilijas northeastern part.

Moslem snipers, SRNA said, were active also in Sarajevo proper, from a skyscraper in the Kosovo section.

The fighting around Zvornik began early on Thursday with a strong artillery attack by Moslems on the southern part of the Serb defense line and lasted until dark.

TANJUG was told at the Bosnian Serb Army local command that the Serb side returned fire and managed to push the front line by some two kilometers. The previous day, the line was moved as much as six kilometers.

The same source said a group of several hundred Moslem women and children, who wanted to leave the area, were allowed safe passage towards the Moslem-held cities of Tuzla and Kalesija.

Zagreb Radio Reports Muslim Attacks on Croats

LD0402155293 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 4 Feb 93

[Report by correspondent Slavko Rako from Hercegovina]

[Text] Until 1100 central Bosnia was quiet. At around 1100 a brigade of Muslims from the Cazin area launched a fierce infantry attack on the village of Kula, Kordic, vice president of the Croatian Community of Herceg-Bosnia has said, adding that the attack was repulsed. Two Croatian Defense Council soldiers were killed, one is missing, and several were injured.

At 1300 the Muslim forces launched yet another attack with mortars and multiple rocket launchers on Kaonik and a factory in Busovaca. They are also shelling a bridge in Kaonik, a very important transport link in that part of central Bosnia. According to Kordic, Croatian Defense Council units replied to the attack, and fierce fighting is raging while I am reporting this. The front line in southeastern Hercegovina has been relatively quiet, and the Serb aggressor has spared Mostar from attacks today.

More Casualties From Sniper Fire After Truce

LD0402221893 Belgrade TANJUG in English 2208 GMT 4 Feb 93

[Text] Gornji Vakuf, Feb 4 (TANJUG)—More casualties were reported from sniper fire during the Moslem-Croat truce, signed in the central Bosnian town of Gornji Vakuf on January 26, than in the fighting before the truce, the Moslem-controlled Sarajevo Radio said on Thursday [4 February].

Croat snipers keep on shooting at targers in the centre of the Moslem-held town, wounding four people on Thursday afternoon alone, the radio said.

In the fierce fighting around Gornji Vakuf recently, the Moslem forces repelled Croat attacks and took control of the town, but the Croat snipers continue to shoot.

The radio said the Croatian Defence Council (the Bosnian Croat Army) on Wednesday night fired incendiary bullets at Moslem houses in Gornji Vakuf.

The town's defence commander, Fahrudin Agic, told the radio the "truce is a farce" since the "Croats are killing our civilians and soldiers every day." He said that "hardly a night passes without a Moslem house being set ablaze."

Moslems and Croats, until recently allies against the Bosnian Serbs, have fought in central Bosnia for some 20 days, trying to take control of a number of towns with the mixed population.

Muslim-Croat Fighting Continues in Central Bosnia

LD0402231493 Belgrade TANJUG in English 2304 GMT 4 Feb 93

[Text] Belgrade, Feb 4 (TANJUG)—Moslem forces continued to attack forces of the Croatian Defence Council (the Bosnian Croat armed troops) [HVO] in the region of Busovaca in central Bosnia, Croatian Radio reported on Thursday [4 February] night.

The HVO on Thursday evening repelled a Moslem attack on the Croat village of Kula near Busovaca and the Mediapan factory in the town, the radio added.

Three HVO members were killed and several other wounded in the attack, the same source said.

On January 26, the Croats and Moslems—until recently allies against the Bosnian Serbs—signed a truce in the central Bosnian town of Vitez, through the mediation of the U.N. Protection Force (UNPROFOR).

The truce was to stop the 20-day-old fighting in which the two sides are trying to take control of towns with the mixed population.

The HVO and Moslem forces are to meet again on Friday, also through the mediation of UNPROFOR.

The Moslem-controlled Sarajevo Radio on Thursday only reported continuing fighting in central Bosnia.

Serb Army: Muslims Fighting for Islamic Republic

LD0402144293 Belgrade TANJUG Domestic Service in Serbo-Croatian 1320 GMT 4 Feb 93

[Text] Belgrade, 4 Feb (TANJUG)—The Information Service of the Serb Republic Army General Staff [in Bosnia-Hercegovina] issued a statement today, saying that the Muslim leadership in Bosnia-Hercegovina has started an operation to forcefully create an Islamic republic.

Quoting undisclosed reliable sources, the Army General Staff said that the operation is to be carried out in several phases with the aim of creating ethnically pure Muslim territories.

In phase one, which is still on and should be completed by the end of the month, the issue of central Bosnia should be resolved. Therefore, there has been fierce fighting recently between forces of the Croatian Defense Council and units of the Bosnia-Hercegovina Army, the statement says.

In phase two, a link with Travnik should be secured and relations on the territory of the Tuzla region should be resolved, where conflicts have already started—in Gracanica, Zivinice, and Lukavac.

In phase three, a link in the direction of Konjic-Foca and further toward Sandzak is planned. This would secure alternative ways for the armament of Muslim formations and conditions for the territorial completion of a "green transversal", the Army General Staff says.

Croats Ask Serbs To Hand Over 1,800 POW's

LD0402162693 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 4 Feb 93

[Text] The Croatian Defense Council (HVO) Medical Headquarters of Herceg-Bosnia has asked the aggressor Serbian side to hand over 1,800 persons, both soldiers and civilians of Croatian and Muslim nationality, who are in the occupier's concentration camps and prisons or are presumed dead or missing.

The commission for the exchange of POW's [prisoners of war] and the killed said that they have liberated 600 persons from camps and prisons over the past eight months in the process of exchange with the commission of the aggressor side; the commissions of both sides ought to meet soon and the figure of exchanged POW's could be higher. European Community observers, the UN Protection Force, the International Red Cross, and the UNHCR [Office of the UN High Commissioner for Refugees] have mediated in their contacts, negotiations, and exchange.

Croats Introduce Customs Rules for Relief Aid

LD0402160693 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 4 Feb 93

[Text] Drago Bagaric, head of the customs administration of the Croat Community of Herceg-Bosna, has issued a memorandum containing instructions about the treatment by customs of humanitarian aid. Humanitarian aid trucks must show customs documents with the relevant specifications at border crossings with the Croat community of Herceg-Bosna.

If humanitarian aid is not being sent via registered humanitarian organizations these customs declarations must be shown. Humanitarian aid for specific individuals will not be allowed to pass through the territory of the Croat community of Herceg-Bosna.

Humanitarian aid in oil and oil derivatives can be sent only via the Ploce bureau of the Bosnia-Hercegovina Government and the Bureau for Refugees and Displaced People of the Croat Defense Council [HVO] of the Croat community of Herceg-Bosna. Packages stamped by the HVO Bureau for Refugees and Displaced People are exempt from this instruction.

The immplementation of these instructions should introduce some order in the transportation of humanitarian aid and prevent various manipulations and misappropriations, the memorandum stresses.

Gradacac Mayor: Serbs Have Russian Mercenaries

AU0502100293 Vienna Oesterreich Eins Radio Network in German 0600 GMT 5 Feb 93

[Report by Fritz Pesata]

[Text] The city of Gradacac, in the Sava lowland in the north of Bosnia-Hercegovina, has been under permanent Serbian artillery fire since the beginning of the war in May 1992. The mayor of Gradacac, Ivan Mijacevic was in Vienna yesterday and he appealed to Austrian Foreign Minister Alois Mock for help.

To leave the city, which for months has been under heavy fire and is expecting a new general attack by the Serbs, and reach Vienna, the commander and war mayor of Gradacac, Ivan Mijacevic, had to put up with a detour that took him several days. He crossed central Bosnia by car almost as far as Sarajevo, and from there he drove along the Neretva Valley towards Mostar, recently the target of artillery attacks. Via the Croatian port of Split, he went along the Adriatic coast road to Zagreb and crossed Slovenia, from where he came to Vienna.

What Ivan Mijacevic, a Croat of about 50 years of age and head of the 13,000 citizens of Gradacac, 95 percent of whom are Muslims, has to say gives only a vague idea of the misery of the city, which has been under siege for nine months.

[Begin Mijacevic recording, in Serbo-Croatian with superimposed German translation] We have now been fighting since 9 and 10 May 1992, and the shelling has not stopped since. Some days the attacks were heavier, others not so heavy. In the last seven days, the Serbs launched another major attack. The Serbs have already conquered the villages surrounding the city and are now approaching the city itself. The approximately 4,000 defenders, who fire back mainly with infantry rifles and antitank guns, are attacked by about 4,000 heavily-armed troops, with long-range guns and mortars. Not only Serbs but also Russians and Ukrainians are fighting on the enemy's side, for money.

Unless we receive additional ammunition soon, we will have to capitulate, which means that all our sacrifices would have been in vain. [end recording]

Yet Mijacevic leaves no doubt that he is not considering surrendering, but that he will embark on the difficult and dangerous way back to Gradacac.

Izetbegovic Lists Complaints in Letter to Tudjman

AU0402185293 Split SLOBODNA DALMACIJA in Serbo-Croatian 31 Jan 93 p 2

["Text" of Alija Izetbegovic's letter to Franjo Tudjman, dated in Geneva on 28 January: "The Profound Reason for the Conflict"]

[Text] Mr. President,

This is an answer to your letter, dated 27 January, concerning the latest conflicts between the units of the Army of Bosnia-Hercegovina and the HVO [Croatian Defense Council] in central Bosnia.

I have tried, as much as it was in my power to do so, to learn the real truth about the reasons for these latest conflicts, which are regrettable.

I fear that you have availed yourself of only one source of information and that you have deemed it sufficient. I have constantly been in contact with three sources: the authorities in the Army of Bosnia-Hercegovina, the HVO and UNPROFOR [United Nations Protection Forces] (EC monitors, that is). As you can well imagine, the Army's and the HVO's reports were completely opposite. The facts that I learned from the representatives of UNPROFOR and the EC, however, clearly confirm that the latest conflicts in Gornji Vakuf and Busovaca have been provoked by HVO's forces in an attempt to carry out the order issued by the Defense Minister, Bozo Rajic, ordering the units of the Army to place themselves under the command of the HVO in the regions of Hercegovina and central Bosnia. The Army's forces resisted, and this resulted in casualties. Not one shred of the Army's information confirmed that there had been any violence involving the Croatian civilian population, least of all of the kind of which HTV [Croatian Television] and some Zagreb newspapers are trying to convince the Croatian public.

However, the more profound reason for the conflicts in central Bosnia stems from the attempts of certain individuals in HVO to continue installing a form of state community within the state of Bosnia-Hercegovina. This is the real reason for the tension and the growing distrust between the two peoples, and it is a fact that we must face.

In Geneva, Mr. Boban signed a document comprised of nine principles from which it is clear, despite all the document's flaws, that Bosnia-Hercegovina is a sovereign state and that it will be comprised of provinces, but that these provinces will not be states, nor will they be ethnically sealed-off areas that belong to only one people. On the day before yesterday, I offered Mr. Boban the text of a joint statement in which we call for a cessation of conflicts in central Bosnia. The text contains elements that concern the equality of peoples in the future provinces of Mostar and Travnik, and it is entirely in accordance with the documents proposed in Geneva.

Owing to the fact that Mr. Boban refused to sign such a statement that would clear up certain misunderstandings and would surely contribute to a normalization of the situation, we had to limit it to an appeal for the cessation of hostilities. My only explanation for this is that Mr. Boban has not given up his ambitions of an exclusively Croatian ethnic region in central Bosnia, where, as you well know, the number of Croats and Muslims is almost identical. Therefore, this region cannot be exclusively Croatian. I am enclosing a copy of the unsigned statement so that you can judge for yourself.

Mr. President, some statements in your letter give me the liberty to ask you whether you are acquainted with the following:

1. Bosnia-Hercegovina's state insignia have long been "banished" from the territory controlled by the HVO.

2. Television relays in these areas have been redirected, thus making it impossible to follow TV BiH's [Bosnia-Hercegovina Television] broadcasts.

3. In several municipalities in the areas of Hercegovina and central Bosnia, the legitimate authorities have been shattered through HVO's one-sided actions.

4. Humanitarian help arriving in Bosnia-Hercegovina is constantly filched and unequally distributed; a Turkish ship containing 4,500 tons of food is currently being literally sold by the HVO; from a Turkish tanker carrying oil purchased with the donations of Turkish citizens, the HVO has taken 1,000 tons of oil in excess of the quota allowed them and of which it gave nothing to the Army's corps in Mostar; two of IGASSA's [expansion unknown] directors, Galib Es-Sufi and Ebu Hasan Ali, were abducted in late December of 1992 in Busovaca and have been held captive in Mostar for well over a month now. They were robbed of money and goods in excess of half a million German marks. In yesterday's issue, SLOBODNA DALMACIJA published the open letter of Marija Werntle-Matic, secretary of the Society for Humanitarian Help in Zurich, which discusses the general thefts of humanitarian help on the roads through Hercegovina. I implore you to find the time to read this article. After that, many things will be a lot more clear to you.

5. Equipment crucial for resisting the Chetnik aggression is stopped and confiscated. As you know, in November 1992 we gave the Croatian Army half of a shipment of this equipment worth a least $10 million, but despite this, the other half did not reach its destination in Bosnia intact. A significant amount was stopped and confiscated in Grude. Were it not for such occurrences, Sarajevo and many other places in Bosnia would already be free, and refugees could start returning to their homes.

6. In December 1992, HVO forces attacked Prozor. The city was shelled for two days, 22 soldiers and civilians were killed, the Army of Bosnia-Hercegovina was disarmed as were Muslim villages in the surrounding area.

After the disarmament, 74 Muslim houses were mined. I am enclosing a list of the owners' names. I take the liberty of proposing that you and I personally visit this town and find out on the spot what really happened there.

7. The misunderstandings had their culmination in mid-January, when the order commanding the Army's units to place themselves under the command of the HVO in the as yet not defined provinces with a Croatian majority was issued. What followed was a series of conflicts, the gravest in Gornji Vakuf, which was shelled for days from heavy artillery; all humanitarian help for Bosnia-Hercegovina's population was stopped, hundreds of cars were confiscated from Muslims who happened to be on the roads in Hercegovina at the time of the escalation of conflicts, etc., etc. Regrettably, I have come to the conclusion that an unheard-of campaign against Bosnia-Hercegovina is being conducted in the Croatian media. Those who are in possession of the facts and who have the truth on their side do not need such a campaign.

Bosnia-Hercegovina opted for an alliance with Croatia at a time when it would have been a lot less painful to join the more powerful side and remain in Yugoslavia. This was not a calculated option, it had to do with our principles and consistency. I want to remind you that we refused to send our boys to the Yugoslav People's Army at a time when it was destroying Croatia, while a great number of them volunteered, fought, and died for Croatian sovereignty and freedom. We expected that retribution by the Yugoslav Army would follow, and it did. We did not expect that Bosnia-Hercegovina's refugees would be considered undesirable in Croatia and that the poorly armed Army of Bosnia-Hercegovina would be called an aggressor in its own country.

Finally, I join you in your appeal to the Croatian and Muslim people, asking them to stop mutual hostilities and to achieve full cooperation in the defense against a mutual aggressor and in finding a solution for a harmonious existence of two peoples who share equal rights in Bosnia-Hercegovina.

Alija Izetbegovic, President of the Presidency of Bosnia-Hercegovina

Letter Called 'Unbelievably Cynical'

AU0402204693 Zagreb VECERNJI LIST in Serbo-Croatian 1 Feb 93 p 2

[Article by Branko Tuden: "A Message of Political Immaturity"]

[Text] It is clear that certain newspapers (or perhaps just one) in the Republic of Croatia have received a copy of a letter—Alija Izetbegovic's answer to Franjo Tudjman's recent comments on the conflicts between the Army of Bosnia-Hercegovina and the Croatian Defense Council in central Bosnia. Most Croatian newspapers did not receive a copy. Izetbegovic sent his letter on 28 January from Geneva, so, towards the end of last week, many foreign papers also quoted it in detail.

What we really have here is a curious, actually harsh, unbelievably cynical, bitter, and illogical answer from Izetbegovic, which cannot be justified, not even by his and the Muslim people's truly difficult position in Bosnia-Hercegovina following his refusal to accept the Geneva peace plan.

Izetbegovic's answer, apart from being downright insulting in certain parts, leads to the conclusion that the Muslim leader has not yet attained that level of political maturity which would distance him from the almost childish cry: "We could also have sided with the Serbs!"

Namely, the letter reads: "Bosnia-Hercegovina opted for an alliance with the Croats at a time when it would have been easier to join the more powerful side and to remain in Yugoslavia. This was not a calculated option, it had to do with principles and consistency."

In other words, if the word "interest" had prevailed—the Muslim leadership would have joined the Serbian side, but it sacrificed its own interests and, in the name of principle, it stuck with Croatia. It is certain that these hard times are not appropriate for sifting through Croatian and Muslim relations, but the contents of Izetbegovic's letter lead to an entirely different conclusion. He was ready to join the more powerful side (Serbian) and what stopped him had nothing to do with principles. It had to do with an integrated and independent Bosnia-Hercegovina, which at the time, had the West's support. Relying on that support, Izetbegovic hoped to keep Bosnia-Hercegovina in the form of a unitary civic state. That is what is at the bottom of this. When he failed to do this, Izetbegovic left Geneva and reprimanded Croatia. In a postscript to the letter, the message can be clearly made out: This is all your fault. You initiated it with your desire for independence, after which we had to be principled in order not to lose face in front of the people, although we had a much more elegant solution.

In his letter to Tudjman, Izetbegovic complains that Bosnia-Hercegovina's state insignia has long been "banished" from the territory controlled by the Croatian Defense Council. But that is only the beginning. An especially severe accusation is the part of the letter in which the Croatian side is accused of stealing military aid intended for his forces. According to Izetbegovic, had it not been for this, Sarajevo and many other places in Bosnia would already be free.

I do not believe this. If it had not been for Croatian ports and Croatian territory, would this help have reached its destination at all?

An even more naive politician than Izetbegovic would have understood that the slogan "for a unitarian, civic Bosnia-Hercegovina" would not have been enough to mobilize the Bosnian Croats to resist the aggression, because this would have meant even more centralization

than during the former regime. If Bosnia-Hercegovina could not survive as a miniature Yugoslavia, a "federation with confederal elements", it is even less probable that it would survive on the principle of—one man, one vote. The desire for a civic state instead of one made up of three peoples is exactly what this is. Why then, the desire for something that is unrealistic? Why push people into further destruction, why grant more time for aggression and ethnic cleansing?

Tudjman Blames Muslims for Clashes

LD0402185593 Belgrade TANJUG in English 1821 GMT 4 Feb 93

[Text] Madrid, February 4 (TANJUG)—Croatian President Franjo Tudjman has said that the efforts of Muslim extremists to create an Islamic state in Bosnia-Hercegovina is the reason for the Croatian-Muslim conflict in that former Yugoslav republic.

Tudjman said in an interview published in the Spanish LA VANGUARDIA on Thursday [4 February] that the only possible solution for Bosnia-Hercegovina was for it to be organized as a confederation of three constituent nations (Muslim, Serbian and Croatia).

Tudjman said Muslim extremists had provoked the current clashes between Croats and Muslims in Bosnia-Hercegovina because they want to turn Bosnia-Hercegovina into a state of citizens without ethnic divisions.

The Croatian president recalled that leader of Bosnia-Hercegovina Muslims Alija Izetbegovic had presented in his 1970 "Islamic Declaration" and again repeated in 1990 the stand that the "Islamic order can be achieved only in the countries where Muslims are a majority." Tudjman observed in that context that Bosnia-Hercegovina Muslims were quite obviously already taking as their point of departure the fact that they were a majority.

Tudjman said in the interview he was convinced the co-chairmen of the conference on the former Yugoslavia, Cyrus Vance and Lord Owen, "will have enough arguments" to eliminate the reservations the administration of United States President Bill Clinton has towards their peace plan for Bosnia-Hercegovina and to open the U.S. Administration's eyes so that it would at least avoid making the same mistakes as the Bush Administration.

The Vance-Owen plan calls for Bosnia-Hercegovina to be divided into ten autonomous provinces.

Representatives of Bosnia-Hercegovina Muslims rejected the Vance-Owen plan at the Geneva talks last week, after which the peace talks were moved to the U.N. Security Council.

It is believed that Washington holds the key to the further course of the peace talks since all other permanent U.N. Security Council members have lent support to the Vance-Owen peace plan.

Tudjman Promises To 'Liberate' Whole Country

AU0402130293 Zagreb VECERNJI LIST in Serbo-Croatian 1 Jan 93 p 3

[Report by M. Piskor, D. Maul, and M. Bedalov-Bigarin: "The Link Between Croatia and Istria Is Unbreakable"]

[Excerpts] Porec/Pazin—As part of his pre-election campaign, President Franjo Tudjman, president of the Croatian Democratic Community, yesterday visited the Istrian towns of Porec, Pazin, Labin, Pula, and numerous other places. The reception was magnificent everywhere. He was received particularly well in Porec and Pazin.

Addressing the Istrian Croats and the citizens of this peninsula in Porec, President Tudjman said that if he said that he was happy that the gathering began with the Istrian anthem "Beautiful country, my dear Istria," he would be expressing the satisfaction of all. [passage omitted]

For a Country of Freedom and Democracy

We demonstrated, Tudjman said, that we are determined to liberate our country from the Serbo-chetnik occupation with our own forces. The navies of all world powers are today entering the Adriatic sea, but they are coming as Croatia's friends, because Croatia is not only an internationally recognized but is also well a respected country. Speaking about Istria's position in Croatia and Europe, President Tudjman stressed that Istria will be able to link up with Europe and the entire world through Croatia and not through some kind of special regionalization. [passage omitted]

President Tudjman promised to the citizens of Pazin that Croatia will revive the abandoned Istrian villages and towns and that it will develop not only general but also elite tourism. He said that the state will ensure that the Istrian shipbuilding yards remain in business and that the Istrian agriculture will blossom, because, like in the case of Croatia, its hard work will no longer flow down the Sava River to Belgrade.

The Entire Croatia Will Soon Be Free

Talking about the current political situation in Croatia and neighboring Bosnia-Hercegovina, President Tudjman said that Croatia will very soon liberate the last inch of the Croatian soil. If this does not happen with the help of UN peacekeeping forces, this will be done with Croatia's own forces. He also said that Croatia is developing good relations with neighboring Italy, but that he will not allow any irredentism. Speaking about the situation in Bosnia, President Tudjman said that the war there will end very quickly. We Croats from Croatia have extended help to the Croats in Bosnia-Hercegovina to preserve their regions, because we came to the conclusion that southern Croatia would be in danger if those regions were run by Serbs or extreme Muslims. Some

extremists from the Muslim leadership of Bosnia-Hercegovina want to create some kind of Islamic country in the heart of Europe. They want to impose their authority on Croats and are therefore attacking Croatian villages and towns, they are attacking Croatian units forgetting that the Croatian people have helped them very much and that they have saved them from the total extinction.

During his visit to Pazin, President Tudjman was also a guest of the Pazin bishop. [passage omitted]

Defense Minister To Visit UN Headquarters 5 Feb

LD0402170193 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 4 Feb 93

[Text] At the invitation of Cyrus Vance and David Owen, cochairmen of the Geneva conference on former Yugoslavia, Croatian Defense Minister Gojko Susak is to leave for New York. The international mediators, HINA has learned, asked Croatia to send its representative to attend talks that will be held under their auspices on the implementation of UN Security Council Resolution 802. The UN circles have said that the talks are to start tomorrow in the UN Headquarters.

Serb Army Resolves To Drive 'Aggressor' Out

LD0402134493 Belgrade TANJUG Domestic Service in Serbo-Croatian 1122 GMT 4 Feb 93

[Text] Knin, 4 Feb (TANJUG)—The Republic of Serb Krajina Army General Staff today issued a proclamation to the people, army, police, and volunteers, expressing the resolve "to definitely break the attack of Ustasha hordes and to drive the aggressor out from every inch of our territory."

"We managed to check the attack by Tudjman's forces and we are continuing to do so. We have inflicted enormous losses on them. We have improved our positions on certain parts of the frontline."

The proclamation adds that an indiscriminate aggression was carried out through the UN forces. Thousands of shells rained on the villages where civilians—women, children, and the elderly—perished.

Serbian sanctuaries were not spared either—churches, cultural monuments, and graves were destroyed, the proclamation says.

Unlike a few days ago, the proclamation adds: "Since we, who are weaponless, managed to stop the enemy, the situation has improved considerably." Our army, police, volunteers, and the people have been fighting the big and well-armed Croatian Army.

In conclusion, the proclamation pays tribute to the heroes of defense for their resolve and courage displayed in checking the aggression and says: "Maslenica, Islam Grcki, Smokovic, and other villages occupied by the aggressor have always been and will always be Serbian."

Croat Army Reportedly Continues Attack on Krajina

LD0402142793 Belgrade TANJUG in English 1413 GMT 4 Feb 93

[Text] Knin, Feb 4 (TANJUG)—The Croatian Armed Forces on Thursday [4 February] continued their aggression on Sector South of the U.N.-protected Republic of Serb Krajina (RSK), which was launched on January 22, the RSK chief of staff said on Thursday.

The Croat forces shelled Benkovac, Obrovac and the village of Bjelina, a village in the Benkovac area sheltering over 200 refugees, mostly women and children.

These assaults prove that the Croatian authorities and Army are not abandoning their aim to seize the United Nations Protected Area (UNPA), the RSK chief of staff said. It specified that the Croatian forces were attacking the Rovanjska-Maslenic-Obrovac, the Zadar-Benkovac and the Biograd-Benkovac strips.

Croatia has been infiltrating its troops in RSK military uniforms in the Sector East (eastern Slavonija, Baranja and western Srem), Serb military sources said.

The chief aim of the latest aggression on the southern part of the RSK is to break the RSK up, the RSK chief of staff said. In its Thursday proclamation to the people, Army and volunteers, the RSK chief of staff expressed firmness to definitely beat and banish the aggressor from RSK territory.

As opposed to the first Croatian aggression (on January 22), the Serb fighters are now in a much more favorable position since the aggressor is now countered by the Army, police, the people and the volunteers, the RSK chief of staff said in its proclamation.

Croatia has in the meantime been celebrating a major "brilliant" victory, forgetting its enormous losses and hospitals full of wounded troops. Their bragging about a sort of blitzkrieg is ridiculous, RSK Commander in Chief General Mile Novakovic told the TIMES and AFP reporters, RSK News Agency ISKRA said on Thursday.

Novakovic said that the Serb Army's heavy weaponry had been guarded by the United Nations Protection Force [UNPROFOR] so that only the Serb border police, armed with light infantry weapons, had countered the heavily armed and well-organized Croatian Army at the beginning of the aggression.

Asked about Croatia's announcement that it would attack Western Slavonija, Novakovic said: "If they decide to launch such an attack, then all of Croatia will know what real war is".

Fighting Reportedly Flares Up on Benkovac Front

AU0402151593 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 4 Feb 93

[Report by Damir Kozul from Benkovac]

[Excerpt] After a relative lull on the Benkovac-Obrovac front yesterday, there was fierce fighting again today. The enemy forces attacked from the well-known directions. The area south of Benkovac came under particularly heavy fire from the direction of Biograd. The Serbian army is fiercely and effectively responding to all attacks, pushing the enemy further toward its initial positions. Humanitarian aid arrived again today, as in the past few days. [passage omitted]

Fighting in Benkovac, Obrovac Reportedly Continues

AU0402151293 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 4 Feb 93

[Report by Danko Peric from Krajina]

[Excerpt] The press center of the Headquarters of the Serbian Army of the Republic of Serbian Krajina has reported that the Croatian aggression on the Benkovac and Obrovac areas is continuing. The Croat artillery last night opened fire on civilian and military targets in the Drnis region. The villages of Baljaci, Ruzic, Mirlovic Polje, and Biocic, which is a few kilometers closer to Knin than the other villages, all came under fire. The Krajina artillery responded in kind, but it aimed only on the Croatian army positions on (?Mosec). [passage omitted]

Army Under Attack in Zadar Hinterland

LD0402151893 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 4 Feb 93

[Report by Toni Pajkin from Zadar]

[Excerpt] At 0725 this morning a general alert, which is still in force, was sounded again for the town and the area of Biograd. Shortly before that the enemy based in Debelo Brdo fired artillery at Tinj, then Vrana and the fringes of Biograd. The Serbian artillery attacks have been incessant, with explosions reverberating throughout the whole of Biograd municipality, and also in the eastern part of Benkovac, where our units in the area of Pristeg have come under attack.

Fresh artillery attacks also began in Zadar hinterland this morning. Early this morning the aggressor artillery fired at Zemunik Donji, Gorica, Policnik, and Suhovare, and then Slivnica near Novsko Zdrilo. The enemy cannot reconcile themselves with the defeat, but since all the actions they have been attempting have been unsuccessful, the only thing they can do is fire heavy artillery from Debelo Brdo and Gornje Biljane. [passage omitted]

RSK Forces Down Combat Plane Near Mirkovci

LD0402200293 Belgrade TANJUG Domestic Service in Serbo-Croatian 1934 GMT 4 Feb 93

[Text] Mirkovci, 4 Feb (TANJUG)—The Republic of Serbian Krajina [RSK] Army's information service has reported that a Croatian Army combat plane was downed near Mirkovci village at about 0600 this morning. The plane was overflying Serbian Krajina territory early this morning, and two bombs were dropped in an attempt to hit positions of Serbian defenders. Both bombs missed their target because of thick fog. In an effective action, Serbian Krajina air defense downed the enemy plane above Jeretovci village, near Mirkovci, we read in the report.

Serbs Report Croats Preparing Attacks in West

AU0302163293 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 3 Feb 93

[Report by Danko Peric from Knin]

[Excerpt] The Headquarters of the Serbian Army of the Serbian Krajina has informed the UNPROFOR [UN Prtoection Forces] Command that Croatian aggression is continuing in parts of UNPROFOR-protected areas in the republic of Serbian Krajina, in the Sector South. The Army Headquarters has also reported that Croatia is preparing to carry out attacks in the Sector West. In addition to its present units, the Croatian Army is also using new reinforcements.

According to the command of the Gracac brigade, the Velebit front is generally quiet today. [passage omitted]

Krajina Serbs Agree To Talks With Croats

AU0402132793 Paris AFP in English 1209 GMT 4 Feb 93

[Text] Zagreb, Feb 4 (AFP)—Two weeks after the Croats launched a surprise offensive, ethnic Serbs and Croats agreed to start negotiations in New York, a senior United Nations official said Thursday [4 February].

Cedric Thornberry, director of the civilian component of the United Nations Protection Force, told journalists that the leaders of the Serbian community in the enclave of Krajina had agreed to meet with Croatian leaders at the U.N. headquarters in New York.

They were invited by the cochairmen of the Geneva peace conference, Lord Owen and Cyrus Vance, to discuss a cease-fire and Security Council Resolution 802, which calls for a return of Croatian forces to previous positions.

The round of talks was due to start Friday but may be delayed because the Serbs were experiencing transportation problems, U.N. spokeswoman Shanon Boyd said.

Meanwhile, the battle fronts near Zadar, on Croatia's southwestern coast, and Karlovac, southwest of Zagreb,

were calm Thursday though the Croatian press reported Serbian "armed provocations" in the area.

An alert was called again in the area of Biograd, 20 kilometers (12 miles) south of the Adriatic port of Zadar, which was hit by several Serbian projectiles, local Croatian military commanders said.

Biograd was put under alert on January 22 when Croatian forces launched an offensive to recapture strategic points held by Serbian secessionists from the nearby self-proclaimed Serbian enclave of Krajina. But the alert, like that in Zadar, had been lifted Wednesday.

Skirmishes were also reported in the Drnis region, to the northeast.

Near Karlovac detonations and rounds of antiaircraft fire sounded throughout the night, the Croatian military sources said.

UNPROFOR Deputy Warns Against Use of Force

LD0402225193 Belgrade TANJUG in English 2242 GMT 4 Feb 93

[Text] Zagreb, Feb 4 (TANJUG)—It is unrealistic to consider the deployment of a larger U.N. force in former Yugoslavia, deputy chief of the U.N. Protection Force (UNPROFOR) Cedric Thornberry has said.

In an interview to the Zagreb weekly GLOBUS, Thornberry said there were no countries willing to give its young men and weapons, and invest a vast political capital so that the problems between the Serbs and Croats could be solved.

The use of force cannot resolve anything and would only mean the return to law of the jungle, Thornberry set out. The essence of the problem in Croatia is the relation between the majority Croats and minority Serbs, he said.

But, he added, there could be no peace if there are no political talks between the majority and minority. He said the Croats should not expect that they can seize Maslenica and Peruca [words indistinct] because, as he put it, this was not how the problems are solved.

Asked why UNPROFOR had failed to prevent the conflict, Thornberry said the U.N. troops did not have the mandate to fight back.

He said UNPROFOR was equipped with only light weapons, and the both sides agreed with such mandate. But, he added, if UNPROFOR had the mandate to prevent armed attacks, ten divisions and not three battalions would have been deployed in Sector South.

Asked whether UNPROFOR was aware of Croatia's intention to attack the Maslenica bridge, Thornberry firmly answered in the negative.

He described as untrue the allegations that the Serbian leaders consented to Croatia's intention to reconstruct the bridge. The Serbian leaders gave maximum support to the negotiations, he added.

On January 22, Croatia launched an offensive on the Republic of Serb Krajina which was put under U.N. protection last March.

Drnis Mayor Seeks Help From Defense Ministry

LD0402154793 Zagreb Radio Croatia Network in Serbo-Croatian 1200 GMT 4 Feb 93

[Text] Owing to the increasingly obvious chetnik terror and the eviction of the Croatian population from the occupied area of Drnis, particularly following the liberation of the Zadar hinterland, Drnis Mayor Josip Odak has sent a letter to the Republic of Croatia Defense Ministry and to Vice Premier Mate Granic.

The letter says that chetniks have been torturing Croats in the Promina area over the past few days. This has been confirmed by civilians who have fled to the free Croatian territory. According to them, chetniks killed three more Croats in the Promina village of Puljane, while about 30 managed to escape. The letter also says that the UN Protection Force [UNPROFOR] is protecting 30 civilians in the same village, but is unable to do anything about 90 Croats that chetniks have imprisoned in the village of Lukar.

The Drnis mayor is asking that everything be done to stop the torture of Croats in Drnis and to ensure that their lives and property are protected.

Politics Behind Maslenica Operation Viewed

AU0402151693 Zagreb VECERNJI LIST in Serbo-Croatian 29 Jan 93 p 2

[Commentary by Davor Ivankovic: "A New Strategic Unity"]

[Text] The Maslenica operation, as the majority of analysts call the Croatian military operation recently carried out in occupied Croatian territory, has achieved some other soothing effects, apart from the determined strategic goals of Croatian policy—the final linking of south and north Croatia. For the first time since the government of democratic unity was dissolved, almost all the Croatian political parties have agreed upon some strategic move of the Croatian policy.

The majority of the public still cannot get over the dissolution of the respectable "war" government led by Greguric, in which the leaders of the Croatian Democratic Community [HDZ], the Croatian Social Liberal Party, the Croatian National Party, the Social Democratic Party of Croatia, and many others worked together. Under conditions of the most uncertain struggle for the preservation of the young Croatian state (at the time still internationally unrecognized), that government had a soothing and stabilizing effect on the endangered Croatian people.

With the termination of the direct military and war danger, in the then already recognized Croatia, the government of democratic unity dissolved, and the one-party government of the HDZ was established. This fact and the August elections swayed the relations among the political parties to their "normal" course, to their everyday practice of competitive relations and more or less fierce political rivalries, with a broad spectrum of disharmony. Such a condition lasted right up until the Maslenica operation.

Apart from the full support given by the majority of opposition parties (with the other parties declining to state their views), with the inevitable comment—"we should have done this earlier, more, better, and further"—all the prominent Croatian political forces also supported the non-military part of the operation, which is to say, the struggle of the Croatian political leadership to show the international public, the United Nations, and the major world political players that Croatia could no longer tolerate the status quo in the occupied regions, with the continuing situation that has 300,000 Croat refugees expelled form their devastated homes.

The value of such support by the opposition (in the August elections all the opposition parties won 52 percent of the vote!) is very significant, and it further adds to the stabilization of the Croatian political position in international politics. And it is quite absurd that some international elements should threaten Croatia with sanctions just because the Croats want to liberate their occupied territories!

Although many international analysts are putting forward the hypothesis that this operation was undertaken mainly because of the ruling party's pre-election aims, which is a result of their simplistic logic more applicable to the peace and prosperity of their countries, the real causes are not that simple. Certainly, the operation is going to influence the electorate, but not significantly. The opinion polls and research that have been conducted prior to the elections reveal an unchanged attitude of the voters toward the parties, and the only change noted is that the number of undecided has decreased in favor of the ruling Croatian Democratic Community—but only by a few percent. So far, the opposition parties have criticized the ruling party on this, though they have more of a right to do so than these analysts. Other analysts would rather speculate about the way the operation has influenced the work and status of UNPROFOR and the "premeditation" of the Croatian state surrounding that. The Croatian people will, however, certainly agree that what was actually "premeditated" is rather the beginning of the ultimate liberation of its occupied territories, with or without UNPROFOR, which is the legitimate right of every state.

The trend toward Croatian political unity will remain as far as the strategic goals of Croatian policy are concerned, because the situation in the hinterland of Zadar, as well as in other occupied regions, not to mention Bosnia-Hercegovina, requires it. True, the views of the parties are quite different regarding Croatian policy toward Bosnia-Hercegovina, but in situations where ethnic Croats are seriously endangered in Herceg-Bosnia, one should not doubt that all prominent Croatian political forces will also show strategic unity.

So, it is obvious that the Croatian public and policy are always united when the Croatian Army is endangered, when it conducts military operations, or when it has to face attacks from international political elements, caused by their own absurd handling of Croatian issues. These are experiences and values that can be quite helpful for Croatian political life in peacetime, and for calming down often senseless tumults in relations between the ruling party and its opposition.

Commentator Assesses Chernomyrdin's Remarks

AU0402151893 Zagreb VJESNIK in Serbo-Croatian 2 Feb 93 p 2

[Commentary by Stjepo Martinovic: "Because of Serbs and/or...?"]

[Text] The statement by Russian Prime Minister Viktor Chernomyrdin that his country is going to oppose any military action against Serbia is not the first and even less so the last message by the official Moscow with which "Yeltsin's regime" is promoting itself for a special protector of Belgrade at the time when everything is irretrievably going downhill for the latter. "Aired" at the World Economic Forum and directly imprinted in the context of the forthcoming meeting the Russian president will hold with Bill Clinton, Chernomyrdin's announcement of Russia's more ambitious return to the Balkan crisis arena is at the same time a sign that Boris Yeltsin—in an attempt to reduce the pressure in the internal political boiler—will direct a considerable amount of energy toward international relations.

Namely, as he has no panacea for the huge economic and social troubles, nor medicine for the crisis of the spiritual and political identity that has been destroying Russian (and to a great extent still "Soviet") society, Yeltsin must fight against the threatening red-black misalliance by taking away from its hands the arguments that Russia has fallen to the level of a third world "power." He can achieve this only if can make the new Kremlin earn the image of a "convincing potential" heir to the old Kremlin's geopolitical interests and geostrategic power. If this project is to take off at all, Russia must renew its (diplomatic, economic, military...) presence in all relevant spots in the world. Among these, the ex-Yugoslav hotbeds of crisis—particularly in the context of possible Balkan plots—is not only the place of the traditional but also of the new Russia that is naturally wearing the boots of the former USSR.

The statement by the Russian prime minister—which follows [Russian Deputy Foreign Minister Vitaly] Churkin's "clumsiness" in Zagreb, the well known Kozyrev [Russian foreign minister] statement in Stockholm, lively transportation of Russian oil via the Danube,

Russian volunteers in Bosnia-Hercegovina, and so forth—confirms that Moscow no longer hesitates making ambiguous statements when it is interested in the case of Belgrade. We are talking about their common thing which, so as not to irritate those spirits in the West that are (still) horrified with the thought of Russians in the Balkan hell, has so far been wrapped in a foil of principled symmetry. In this way they are trying right at the start to sell us a theory about the legitimacy of the Serbian response to the "unilateral separatism" of those who have left Yugoslavia and those who are still pondering about it. Of course, the self-defense reflex cannot be ignored...but is Viktor Chernomyrdin, by speaking against the punishment of the obvious (and unprecedentedly cruel) aggressor, trying to tell us that there is not a small number of those who would resort to the Serbian means of preserving the "threatened" Russian communities on the non-Russian territories in the former USSR?

Visit of Mitterand Aide Analyzed

93BA0528C Zagreb DANAS in Serbo-Croatian 22 Jan 93 p 26

[Article by Ivan Sabic: "French Are Changing Tactics"]

[Text] *What is behind the visit by the chief of the main staff of the French Presidency, General Christian Quesont?*

In the middle of last week, Croatia was visited by the chief of the main staff of the French Presidency, Gen. Christian Quesont, accompanied by a group of high-ranking officers in the French military and officials from the Ministry for Foreign Affairs. It was reported that the French delegation visited the top military adviser to the president of the Republic of Croatia, Gen. Anton Tus, Deputy Minister of Defense Maj. Gen. Slobodan Praljak, the head of the Military Cabinet in the Office of the President of the Republic of Croatia, Brig. Kresimir Kaspar, and Croatian Vice Prime Minister Ivan Milas. During these visits the discussion concerned the political situation in Croatia, the role of UNPROFOR [UN Protection Force] in the UNPA [UN Protected Area] zones, Croatian views of the crisis in neighboring B-H [Bosnia-Hercegovina], relations between Croatia and the "FRY [Federal Republic of Yugoslavia]," and a possible French role in ending the crisis in the former Yugoslavia. These reports were carried by only part of the Croatian daily press, which did not go into detail concerning the talks.

Judging from this, one could conclude that this event is not that significant. However, besides the fact that it took place at the highest level of the military, the visit by the French delegation happened soon after French Minister for Foreign Affairs Roland Dumas proposed that his country itself set out, "as needed," to liberate camps in B-H, which lends additional weight to the meeting.

In fact, French Minister of Defense Pierre Joxe has completely ruled out the possibility of France independently carrying out any sort of operation in B-H, and Dumas himself has said that his statement was misinterpreted, but the fact remains that B-H is increasingly a topic of conversation in France. Minister Dumas has appointed a special committee of jurists to make preparations for an international body that some are already calling a second Nuremberg; his government will insist on bringing before the court "all who have tolerated, organized, or carried out crimes and rape," while there is also talk of sending 500 members of the Foreign Legion to Sarajevo (according to some sources, 100 of them have already arrived in the B-H capital), which would be the first deployment of those forces on European soil.

If 500 legionnaires do in fact arrive in Sarajevo, then one can also expect a more significant commitment of French troops to clear up the situation in B-H. In part because there will be an obvious comparison with the intervention of French troops during the 1983 civil war in Chad, which began with the sending of 500 paratroopers and ended with the deployment of several thousand French soldiers, including the Air Force.

Naturally, one must not lose sight of the fact that the flareup of debate over the (non) deployment of French troops in B-H and the sharp division that is arising over this question on the French political stage are taking place in the context of the preelection campaign. Radical demands by the French Right (opposition), principally Jacques Chirac, have led to bitter clashes between the Right and the Left, but these demands are not leaving the Left at peace either, because the Left could lose a number of voters over the problem of French involvement in B-H. Thus, a final decision on sending soldiers from the Foreign Legion into B-H depends most of all on how large that number of voters will be in the estimate of the ruling socialists. If it is significant, then the group around Dumas and Kouchner will prevail; if not, then Pierre Joxe will have the last word. And it remains to be seen what will happen after the elections.

In this sense, the visit by the French military delegation should be interpreted as a timely effort to gather information and make contacts in this region. Naturally, the Croatian side is no less inquisitive and interested in contacts either.

Poll Shows HDZ Popularity Growing

93BA0528A Zagreb DANAS in Serbo-Croatian 22 Jan 93 p 18

[Article by Franka Sola: "HDZ Leads Everywhere"]

[Text] *The beginning of the election campaign has already had an effect on voter commitment: more and more decided voters!*

In a telephone poll conducted on 9 and 10 January, respondents were asked two questions to find out to what extent the citizens of Zagreb are planning to vote, and for

which party they would vote if the elections were to be held the following day. In the poll conducted on 16 and 17 January, we covered the four largest cities (Zagreb, Split, Rijeka, and Osijek), where we asked respondents the same questions as in the previous poll. We determined that during the period between the first and the second poll, over the course of only one week, there were significant changes in the opinion of the Zagreb respondents. The number of respondents in Zagreb who had decided to vote rose. It is interesting that the number of undecided voters increased slightly, but the number of those who refused to say whether they were going to vote and the undecided voters decreased significantly in favor of those who had decided to vote. We have combined those two categories because we assume that there was a transition from uncooperative to undecided, and it is very likely that some of the undecided have decided in the meantime to vote (which is in fact reflected in the significant increase in respondents who say they will participate in the elections).

There was also a significant increase in the number of respondents in Zagreb committed to one party (exclusively to the advantage of the HDZ [Croatian Democratic Community]); as with the preceding question, this was at the expense of undecided voters and those who refused to say for which party they would be voting.

Since the preelection campaign had practically not even begun when the previous poll was conducted, we have reason to believe that the ascertained changes in opinion among the Zagreb respondents in this new poll are linked to the activities of the party campaigns. That influence is still relatively small, since the campaign has only just begun.

This time we confirmed information that was not checked in the previous poll, relating to the influence of the respondents' sex on party choice. We determined that women are to a statistically significant degree more indecisive in their choice of the party for which they would vote. We also determined once again that among Zagreb respondents age has a significant effect on the decision on whether to vote or abstain. The population of younger people (younger than 35) will vote less to a statistically significant extent, while the population of older Zagrebians (older than 54) will vote significantly more.

In the Zagreb segment of our sample, we noticed that non-Croats refuse in greater numbers to say for which party they will vote than do Croats, and are more indecisive in their choice of party. It is interesting (although this was not confirmed) that non-Croats are committed in greater numbers to the HDZ than to the HSLS [Croatian Social-Liberal Alliance]. In the tables the sample is broken down by city, which yields statistically significant differences in the choice of party only in the Zagreb segment of the sample, and it can be stated reliably that Zagrebians would cast significantly more votes for the HDZ than for the HSLS. In the Split, Rijeka, and Osijek segments of the sample, viewed individually, it is not possible to check the differences between the parties because of the low frequencies of those segments, although in each of them the HDZ is leading.

Will you vote in the upcoming zupanija elections? (percentages)

	Yes	No	Undecided	No response
Zagreb	71.5	8.8	18.2	1.5
Split	73.4	10.5	14	2.1
Rijeka	72.5	11	11	5.5
Osijek	89.8	2	6.1	2.1
Combined	73.8	8.6	15.5	2.1

For which party would you vote if the elections were tomorrow? (percentages)

	Undecided	HDZ	HSLS	RDS-IDS	Other	No response
Zagreb	36.7	26.2	18.1		5.6	13.4
Split	27.3	26.6	21.7		6.9	17.5
Rijeka	41.3	14.7	12.8	6.4	6.4	18.4
Osijek	34.7	30.6	17.3		2.1	15.3
Combined	35.6	25.4	17.9		6.3	14.8

Note: Telephone poll with an official sample of 1,000 respondents.

Thus, we analyzed the influence of the parties on the total citizenry in those four cities. Even with a margin of error of plus or minus 1.6 percent, we ascertained a significant difference between the number of those who would vote for the HDZ and for the HSLS; in other words, significantly more citizens would vote for the HDZ. In addition, in a variant analyzing the influence of parties on the citizenry of Split, Rijeka, and Osijek, without Zagreb, we also found a significant difference to the advantage of the HDZ.We can conclude that two significant changes took place in the opinion of the Zagreb population over the course of one week: an increase in the number of those who will vote, and an increase in HDZ ratings.

This time as well, it was not our intention to predict the election results, but rather to determine whether and to what extent the approach of the elections (the intensification of the election campaign) has begun to affect potential voters.

Croatian Prime Minister on Economic Issues

93BA0526A Zagreb DANAS in Serbo-Croatian 22 Jan 93 pp 9-11

[Interview with Eng. Hrvoje Sarinic, prime minister of the Republic of Croatia, by Hloverka Novak-Srzic and Marko Barisic in Zagreb; date not given: "We Are Going To Privatize Everything"]

[Text] Recently, Hrvoje Sarinic, Croatian prime minister, has been the subject of critical reflections by figures in the media, but also of utterly inappropriate insults directed at his private life. The process of the transformation of property, production that has been cut in half as a result of the war, the high rate of inflation, and the drop in the standard of living are the reasons why the office of prime minister is so exposed to the eye of the public. He is being called upon to prevent those tendencies, to take responsibility, to present the reasons for this situation, and to expound ways of superseding it. The stabilization program of his government, recently adopted in the Croatian Assembly, was the occasion for our interview in his office. The prime minister seemed fresh and ready to talk on any topic we liked.

[DANAS] Your government's stabilization program was adopted in December. Can you tell us what the priorities are, what elements have begun to be realized, and how?

[Sarinic] The stabilization program as a whole has been conceived on three premises: The first is halting inflation. With this kind of inflation, which is actually hyperinflation, nothing of any moment can be done. In December, it was 22 percent, which is 10 percent less than in November, but there is no reason for us to be overly satisfied, because this did not include the Christmas bonuses. The second premise is livelier production, and it should be mentioned that these two operations are not separate in time, but the government is carrying them out side by side. The third premise, put simply, is that no one is to be hungry in spite of the difficult environment. This means that we must draw up a social welfare program, which will not be aimed solely at the population groups in greatest jeopardy, but at individuals, name by name. We will make an effort for those names to stay on the list for the shortest possible time, through additional schooling, retraining, and putting life back into the economy. We cannot carry out the stabilization program with price policy.

However, other changes are also necessary. Putting life back into the economy, after all, requires the transition to a free market, and in turn, it presupposes precisely defined forms of ownership, which means that we face the entire process of privatization of public property. There have been objections to this process of transformation and we have had occasion to hear them even in the Croatian Assembly, to the effect that this is a second nationalization. However, this should not be viewed in static terms because the fund must have imagination in leasing, renting, or selling that government property. This is a process that will be going on for quite some time yet.

[DANAS] When do you expect that that process might be completed?

[Sarinic] This year, 1993, will be a year of decision for Croatia, a year for completing certain processes. I can tell you that 1993 will also be decisive when it comes to Croatia's sovereignty over its entire territory. And I think that the process of transformation of property must also be complete during this year. That will be a kind of record because that is a terrible job, and I expect that we will be without social ownership by the end of the year.

[DANAS] We have been told in the Agency for Transformation that so far a third of the enterprises have been sold and 70 million marks [DM] of sound money (cash) have been taken in. Could you comment on those figures, who is making the purchases, and how?

[Sarinic] Anyone can make a purchase, there are no restrictions here. The problem is in how the purchase is made. However, I would first like to tell you that we invented this model of transformation. I always joke a bit with foreigners who come to us from the West. I say it is a pity that you have not had communism for 50 years, because then you would have carried out privatization, and we would have had your model to follow. As it is, we have had to create it ourselves. What is more, do not forget that the Hungarians are having big problems with privatization, they have even halted it now because they have not found the right model. The Slovaks are also having a great many problems carrying it out, not to mention the East Germans, but they have a rich aunt who over a period of 10 years or so will be providing them about DM400 billion. Furthermore, we must not forget that we are doing this under circumstances of neither war nor peace, with the social product cut in half. The main problem is determining the value of what is being sold. This is being done by groups of experts from

the various fields. There has been criticism that this can be rigged so that someone sets the lowest possible value of a firm, and then he gets it for little money. It is clear that there are such tendencies and cases. However, when we see that there is something suspicious, we turn the case over to expert reevaluation. Let us take the example of Jamnicke Kiselice. For three months, we halted proceedings because we were told that things were not right, people asked where Mr. Todoric was getting the money, and so on. I do not care where the money comes from, that is a matter for the judicial authorities, and I as a government agency do not have the right to be suspicious about it. I have the right to be suspicious only if the price is too low. We did a reevaluation, which showed that Jamnicke Kiselice had been overvalued. We lost three months and some DM20,000, because expert evaluation is not inexpensive, and now this is taking its course. So, when we think that things are not as they should be, we check it out, but we cannot halt the entire process. You mentioned the figure of DM70 million, and that is not very much, but do not forget that that is only the cash, and as much again has been earned from old foreign exchange savings and shares. In addition, the law allows payment in installments, and it envisages 5 percent in the first year, 10 percent in the second, up to a period of five years, when everything is supposed to be paid. We have protected ourselves with a foreign exchange clause (revaluation), so that we do not lose on the value. This explains why the cash in this first year is so small, but it is easy to compute on the basis of the contracted payment schedule that the installments will be much larger. In order to motivate people to make the purchase and so that the government would have resources as soon as possible, we offered the possibility of purchase at a discount when payment is made in cash.

[DANAS] Because Croatia needs fresh money, we are interested in why you do not sell off entire chains of publicly owned coffeehouses, pastry shops, and restaurants that are not doing well while private operators nearby are flourishing?

[Sarinic] If only that would happen. I would be so bold as to say that that is one of our failures, because we were not vigorous and quick enough. I have spoken about this several times, about hotels, which might be sold on a basis of one hotel to a family, and about small restaurants, which individually, could have been sold, and today they are part of hostelry groupings such as Slavija, Lovacki Rog, Plava Laguna, Liburnija, etc., then in the trade sector Unikonzum and others. We came up against quite a bit of resistance here. The easiest thing was to carry on business with someone else's property and to realize a profit and take no risk. But when you are an owner, you can no longer deceive anyone, when up to now you have at least been able to deceive the government. I have already obtained a list of those hotels, small restaurants, and stores which we will sell in that way. What we do not manage to sell we will pass over to the fund, and then we will put them up for public auction and avoid the a priori approach in setting a value on the firm. A public auction is a moment of truth. We sell it to the one who makes the highest bid. We cannot do that now, because we have a legal obligation to the employees.

[DANAS] Recently, Professor Nikolic of the Emigres Association (Matica Iseljenika) warned that our people abroad are having problems when they manage to purchase something, because the directors and workers say it is taken, shares are being distributed, etc.

[Sarinic] Both the president and I have intervened to make it possible for our people abroad to make purchases. There is no need for me to speak about their contribution to the war for the homeland. In any case, the principle of the new Croatia is to unify homeland Croatia and emigre Croatia. We are taking pains so that people in the emigre community have the same chance as people here. The emigre community will have an important opportunity at the end of the transformation, when we will be selling what is left in the fund and in those firms in which the government has a majority interest—which unfortunately will be a large portion. That will go up for public sale, and because the diaspora has more money, I hope that this will make up for what they possibly might have lost at the beginning of this process.

[DANAS] How true is it that with manager credits you have supported a corps of managers who hold those positions more on the basis of political fitness than their abilities and you have given them certain privileges?

[Sarinic] When someone comes to the bank and seeks a manager loan under its terms and conditions and with a mortgage on his own property, then the government has no right to seek to stop that because it also wants to conduct that kind of modern policy. However, there have also been crimes associated with these manager credits, because there have been cases when certain people or managers who wanted to buy a firm took a manager credit and put up the property of the firm as collateral, not their own property. That is a crime. I can tell you that there have been several cases that are under investigation, and I am certain that our suspicions will be confirmed.

[DANAS] Can firms be purchased even by people close to the government (ministers, government officials...)?

[Sarinic] No. You have asked me a very delicate question. You certainly have in mind the case of Herr Moellemann, minister of the economy in Germany, who was removed because some distant relative of his wife was on the board of directors of a firm that could have obtained information, and so on. If you write what I am saying, I will be attacked, and people will say that Sarinic is giving his blessing to all kinds of misappropriations, and so on, but if we want to be realistic, we still have not reached the level of removing our Herr Moellemann because a relative of his wife obtained certain information. Nevertheless, I told them: You, gentlemen, cannot buy those firms, nor can you be managing directors.

Anyone who is working in the government administration is at the source of the information, and has the opportunity to use it. As you know, that is a perpetual dilemma between democracy and effectiveness. With time, we will arrive at the relations which exist in the outside world, but now we are doing what we can and monitoring things as much as we can.

[DANAS] Now that we are on this subject, some newspapers have even said that you took commissions and such things.

[Sarinic] I have filed a suit against SLOBODNI TJEDNIK and I will seek very high damages, which I will give to humanitarian institutions. In doing this job, I have acquired a thick skin; I have up to now swallowed many things in silence, but now this has passed all limits. You can well imagine that my children, my relatives, are passing through the square while the newsboys are shouting that Sarinic has been stealing, and so on. It is a private suit, although I had the opportunity to have the state prosecutor do this.

[DANAS] Why has the government not reacted to the phenomenon of financial engineering? How will that be worked out, and is there not an organized group behind it?

[Sarinic] It should not be forgotten that our police and Finance Ministry took a certain number of actions against that engineering two months ago. This is a race between the thieves and the police. The thieves are always out in front, and the police are thinking up ways of catching them.

Our assessment is that this is organized: You have seen that the small fry had to take the money to the big fish. So, this is a Mafia-type organization. Now similarly financed insurance companies have also emerged. The entire matter is now in the hands of investigatory bodies, and I can tell you that for our part we will seek their punishment. I have been warning the public to be cautious and not to snap up things too quickly. First, Yugoslavia took away their foreign exchange, and now this has been done by that financial engineering.

[DANAS] And what will happen to the old foreign exchange savings?

[Sarinic] Croatia has assumed the obligation to repay it, and that represents three-fourths of the public debt. Just to service that debt, we need 2.5 percent of the social product, which is a great deal. When you add to that another 2 percent for the foreign debt, that means 5 percent of the social product, which has been cut in half since '90. Now we have provided some $70 million to pay interest on the old foreign exchange savings, which individuals may use to purchase real estate, to purchase apartments, shares....

[DANAS] After joining international monetary institutions, what do you specifically expect from them?

[Sarinic] When you become a member of the IMF, all other doors are opened to you. We have been regularly servicing debts to the IMF and the World Bank, and we have built up confidence. I expect that in mid-March we will get the first installment of $110 million from the World Bank. We are also expecting loans from commercial banks and better days for foreign capital. Soon we will also be joining in the PHARE [Economic Aid to Poland and Hungary] Program.

[DANAS] Should not the tax system also be changed on behalf of the influx of foreign capital?

[Sarinic] Our public expenditure has grown, and that also includes defense, Yugoslavia has stolen from us, we have not had financial aid from abroad, so that we have had no other sources of financing except taxes. That is, of course, unproductive. But we hope that this year tourism will bring us some revenues, and taxes will not be the only source for covering the government budget. Then we will, of course, reduce taxes and adopt the kind of tax policy they have in the West.

[DANAS] The public conception of you is that you are closed to the media, although recently you have been changing that style. Can you tell us something about the case of SLOBODNA DALMACIJA in connection with your letter to that newspaper to the effect that the board of directors must not interfere with editorial policy? How do matters stand now with respect to transformation?

[Sarinic] I would rather you ask me about certain articles in your newspaper....

[DANAS] We will get to that later....

[Sarinic] Fine. As for SLOBODNA, the point is that the process of transformation is revealing certain situations, which occurred in that enterprise in the past. And then it is relatively easy to connect this with the political aspect. It has always been difficult to be in prison as a thief and easier as a political dissident. Let us take NEDELJNA, which wrote about that, and which was a captive of that system of SLOBODNA DALMACIJA. On the basis of those articles, but also other information obtained, one can see the kind of tyrannical regime that prevailed in that system, when some such as NEDELJNA could not obtain their independence. It reminded me of Yugoslavia. However, we must always respect the law. But newspaper firms are always more delicate than others. After all, when a journalist is unemployed, then you journalists attack us, but when 50 workers are discharged, then that is accepted and no uproar is raised. In the newspaper firms, there are professional management bodies and editorial bodies, but there is still a connection. I separated them in my letter, although in Croatia there are a number of private weeklies in which that difference does not exist. In the weekly, which slandered me, and which advertises its owner on the first and last pages, that problem does not exist. I think that the specific problem with SLOBODNA was one of responsibilities, and this is on the way to being solved.

[DANAS] There is a chronic problem with energy in Dalmatia. Some have proposed construction of thermal electric power plants....

[Sarinic] Please, spare me, not that.... (laughter)

[DANAS] Nevertheless, are you going to build a nuclear power plant on the Adriatic?

[Sarinic] That was my answer. I repeat what I said. This has been irresponsibly interpreted. I supposedly represent some nuclear lobby that would enable me to fill my pockets from that transaction, and so on. I only said that in the energy analysis, which Croatia must do to get out of the disastrous energy situation, we must not overlook any source of energy, including nuclear power plants. And finally, regardless of the comments that will ensue, I will tell you that there are highly advanced countries which get more than 80 percent of their power from nuclear sources—France, the United States.... As to your question of whether that would be on the Adriatic, my answer is that it would not be good for that to be on the Adriatic. In the analysis of possible sites, one site was Vir near Zadar. However, I think this would not be compatible with our desire to make Dalmatia a pearl in the tourist world. Just as it was madness to make Haludovo on Krk, and Omisalj along with it.

[DANAS] Now, finally, because we have been unable to avoid it, what has made you unhappy about the articles in our weekly?

[Sarinic] The article, which you published in the department "Stinging Nettles," said that the prime minister had not been received properly in London, that no one had met him, that he mainly went on a shopping tour.... I will tell you straight, I think that that should not have been written. Here, you were below the limit of both professional competence and ethics. You know that there is a diplomacy concerning official visits, but also that other diplomacy which uses artistic, business, and athletic events to try to realize political gain. I attended a concert which Pogorelic conducted, but I used this for a conversation lasting more than an hour with Douglas Hurd, the foreign minister, who at that time was the chairman of the EC, and on that occasion Britain rescinded its recommendation to its tourists not to travel to Croatia. If we had done nothing else, the trip would have been worth it. Aside from that, we also talked for an hour and a half with Jacques Attali, director of the World Bank. Nor should you have done that about the IMF, because a few days ago the confirmation of my position arrived. I accept criticism, but there has to be some measure. We have to find some measure here.

[DANAS] Do you read our newspaper?

[Sarinic] Yes, I do. I think there is a place for a newspaper like yours. I have even found good articles in your paper. Just don't go turning yellow.

Federal

Serbian Radical Party To Demand Cosic's Recall

LD0402184293 Belgrade TANJUG in English 1827 GMT 4 Feb 93

[Text] Belgrade, February 4 (TANJUG)—The leader of the Serbian Radical Party (SRS), Vojislav Seselj, said on Thursday [4 February] he would demand the recall of Yugoslav President Dobrica Cosic in the federal parliament next week.

Seselj told a news conference in Belgrade that the demand for Cosic's recall was signed by 33 SRS deputies in the Chamber of Citizens of the Yugoslav parliament, adding deputies of other parties were not asked to sign the petition.

SRS is the second-biggest party in the 178-seat Yugoslav parliament with 42 seats in both chambers, while the Socialist Party of Serbia (SPS), with 59 seats in both chambers, is the biggest party.

Seselj had on two earlier occasions accused Cosic of being passive towards the Croatian aggrtession on the Republic of Serb Krajina (RSK), a United Nations protected area (UNPA).

Croatia's aggression, launched on January 22, continues even 14 days later, regardless of the United Nations Security Council's demand that it cease all military operations and return its troops to initial positions.

Seselj said his party continues to send volunteers to Krajina and collect and send medicine and food to the threatened Serbian population in the Republic of Serb Krajina.

The president of the SRS in the RSK, Rade Leskovac, told the same news conference that Serbs in eastern Slavonija, Baranja and western Srem (Sector "East" in the UNPA) "are ready to prevent a Croatian aggression, which is imminent, in the region."

Seselj also said criminal charges should be raised against Yugoslav Prime Minister Milan Panic "as soon as his immunity expires, perhaps even next week."

Panic, a U.S. businessman of Serbian origin, has been denied further confidence by the Yugoslav parliament only six months after taking office.

Minister Threatens Danube Retaliation

AU0402124493 Bucharest Radio Romania Network in Romanian 1100 GMT 4 Jan 93

[Dispatch by Dana Popescu from Belgrade—recorded]

[Text] [Announcer] Our special envoy to Belgrade, Dana Popescu, reports on a conversation she had with the FRY minister of transportation and communication.

[Popescu] About an hour ago, Zarko Katic, FRY minister of Transportation [title as heard] gave an interview to our radio station. To begin with, Mr. Katic emphasized that the Yugoslav Government considers navigation on the Danube as open to all vessels and does not understand why the Romanian Government raises obstacles to the movement of Yugoslav vessels, particularly since—in his opinion—the bone of contention is an internal Yugoslav transport between the port of Prahovo and Belgrade. One should mention here that navigation on the Danube through the Iron Gates II can only be done through the Romanian sluice, as the entire Iron Gates II complex has not yet been completed. If our vessels are not allowed to sail on our Danube, then the Romanian vessels will also not be allowed to pass, the Yugoslav transportation minister said.

Asked about today's discussions in Odessa between Romanian and Ukrainian experts, Mr. Katic expressed the hope that they will yield positive results. If Romania and Ukraine apply the UN sanctions, he said, we will in turn apply sanctions against their vessels.

The Yugoslav transportation minister then talked about his country's urgent needs for humanitarian oil. We do not want to cause trouble for Romania's Government. We are aware of its problems and the pressures exerted upon it. We hope it realizes that this is a matter of humanitarian oil. We will not have problems in the future, either. We hope that the humanitarian aid can pass freely and that, within the framework of this humanitarian aid, we can further transport crude and black oil for schools, hospitals, and our children.

To resolve the situation, Mr. Zarko Katic, Yugoslavia's minister of transportation [title as heard], expressed his readiness for dialogue with the Romanian side, specifically the Romanian minister of transportation, if the latter deems it necessary.

Yugoslav Army Focuses on Combat Training

AU0302191593 Belgrade VOJSKA in Serbo-Croatian 21 Jan 93 pp 6-9

["Excerpts" of interview with General Vladimir Stojanovic, Commander of the 1st Army, by Colonel Ivan Matovic, editor in chief of VOJSKA; place and date not given: "A Defense Tailored to Suit the Times"]

[Excerpts] [Matovic] General, could you give us some basic facts about the 1st Army of the Yugoslav Army, so that the readers have a better understanding of the subject and the messages of this interview....

[Stojanovic] The 1st Army is a strong strategic formation. With its manpower, combat and material-technical potential, it is the most numerous and strongest defense force of the Federal Republic of Yugoslavia. The zone it is responsible for encompasses the northern part of the country. The basic strategic directions in the south

European sector [vojiste] run across this territory—from the north toward the south and from the west toward the east.

Our formations cover around 43 percent of the whole territory of the Federal Republic of Yugoslavia, where around 51 percent of the new Yugoslavia's population lives. The national structure of the population is varied, the formation's structure also, especially in Vojvodina. We have good relations with the people and the industry, and we are furthering this cooperation every day. I believe that without this, it would be extremely difficult for us to carry out our numerous duties, especially those that concern the securing and defense of the state border, 900 km of which is our responsibility.

[Matovic] It is often said that with the breakup of Yugoslavia, the international and especially military-political position of our new country has significantly changed, a thing that is reflected in its defense system and entire military development. In your opinion, what is the first thing we have to do with our defense to be able to fulfill the demands of the reassessed geostrategic position of our territory as the "gate" of the Balkans and Europe?

[Stojanovic] I do not believe that our military-political position has drastically changed with the breakup of the former Yugoslavia. It has changed because the division into blocs no longer exists, so that the Federal Republic of Yugoslavia no longer presents a kind of buffer zone between the formerly opposed East and West. However, interest in our territory, both historical and new, has not ceased. I believe the same is true about the geostrategic position of the country.

The "new order" is not really a novelty for us. Just remember the attempts of Germany and Italy in the 1930's and 1940's and their plans to create a new world order; what they actually accomplished was World War II. Their intention was to divide the world into several large regions in which certain Western countries would be the "law and order factor" and would have police-like authority on their territory. According to a plan from 1940, Germany was supposed to be the "boss" of Europe and central Africa.

I find that in respect to us, these present times are reminiscent of those former ones. When I say this, I have in mind the West's role in the breakup of the Socialist Federal Republic of Yugoslavia. The formerly disunited Europe is integrating, while in the East and the Southeast, destructive nationalism rules, and countries are breaking down into small particles. In our country, this tragic game was initiated by the united Germany and is being continued by the United States. Once more, regional aspirations are surfacing as is the global distribution of power, which, as I have already said, is nothing new.

However, what is especially characteristic in all of this is the strengthening of the Islamic factor, a thing in which Turkey, with its militant policy toward us, is the ringleader. It is counting on our territory and hoping to penetrate into the Balkans under the wing of a "new world order". In reality, Turkey has ambitions to become not only a regional, but a continental force and is dreaming about a renewal of the Ottoman Empire [neootomanizam]. On the other hand, conflicts always occur in areas that are of great geopolitical importance and the Balkans are one such area. We hold a central position in the Balkans and the pressures on our country have never been accidental. This applies today, too. Therefore, Yugoslavia remains, to put it your way, the "gate" of the Balkans, except that in respect to our defense, this gate must be an iron one.

A Readiness for Defense From Any Aggression

[Matovic] For quite some time now, we have been exposed to a minutely worked out doctrine of a low intensity conflict as part of a special strategy of domination that lacks only the direct application of force, and even that is something with which we are increasingly threatened. How realistic are these threats, and what are our possibilities to defend ourselves?

[Stojanovic] The pressures on our country, both the former and the present one, have actually never stopped. This reflects the significance of our part of the Balkans, so that we can say that the "cold war" is still on as far as we are concerned, despite the fact that the bipolar world order fell apart and regardless of Bush's formula of "a new world order and a long peaceful era." Blackmail and all kinds of pressures are getting more intense. The armament race among the blocs is over, but low-intensity conflicts seem to be escalating, while regional wars remain a reality (Somalia, Yugoslavia, Iraq, Panama, etc.).

At the same time, I believe that a true unification of Europe is an illusion, and I believe that we should expect new conflicts, in the first place economic and political, precisely in this developed Europe. The struggle between the East and the West has ceased at the expense of the former, but we can now expect conflicts in the West caused by the clashing of interests among the West European countries.

In my opinion, the war on the territory of the former Yugoslavia is the result of different interests in the Balkans, and that is why European diplomacy failed. It is already clear that the United States is searching for a new world formula with less and less success, and it is in this context that the pressures on our country, as the alleged cause for all the misfortunes on the territory of the former Yugoslavia, should be viewed. Constant pressure and the threat of military force is nothing new to us. They threatened us at the time of the conflicts in Croatia in 1991, although we did not cause them. These threats should not be taken lightly, although there are no realistic reasons for an aggression on the Federal Republic of Yugoslavia and the Serbian territory in the former Bosnia-Hercegovina. That is why I expect that reason

will triumph and that mistakes will not be repeated, because a military intervention would be a catastrophe for both the Balkans and Europe. It could even be the "trigger" for World War III. I hope that we are still far from that possibility, and I still believe in the UN Organization and the efforts it is investing on behalf of peace.

And as far as we are concerned? In case of an attack on our country, we would resolutely defend ourselves, which is in the tradition of the Serbian and Montenegrin people. We would to do with all the means at our disposal, and they are such that they should be respected. Anyway, I do not think we have an alternative when it comes to defending the freedom of our people and our rights. [passage omitted]

Combat Training as the Focus of the Transformation

[Matovic] The transformation process of the Yugoslav People's Army into the Yugoslav Army has encompassed all the spheres of our army organization—from the visual appearance of its members to the complete readiness for the defense of our fatherland. Considering that this is a very complicated process, can you tell us how it is being accomplished in the units, the commands and the institutions of the Army of which you are the head and how much has been accomplished so far, on what should we focus, what are the conditions for success?

[Stojanovic] Yes, this is a very complicated process when you consider the size of this project and the assignments that need to be accomplished. The focus is on combat training, which is our constant and dominant responsibility, because I believe that this is the way to keep peace, a thing we are truly striving for in the given international conditions, but also so that we can successfully conduct the war if it is forced on us. In this respect, we are concentrating on the organizational and formation [organizacijsko-formacijski] polishing of our units and the raising of their operational potential, their mobility, their specialization and training for certain assignments. In the case of crews and services, the focus is on tactical and technical polishing to ensure that the maneuvering and combat characteristics [vatrena svojstva] of all combat equipment are maximally exploited. The experience gained in recent combat is of great help. Moreover, there is a growing number of professional soldiers specialized for various assignments in our units, which is the result of professionalization in the Army's ranks. We have especially good results in armored-mechanized units [oklopno-mechanizovane jedinice], artillery-missile units [artiljerisko-raketne jedinice] and in special purpose units [jedinice za specijalne namene].

We have successfully accomplished the transformation of Serbia's Territorial Defense, so that instead of Territorial Defense headquarters and units we now have military-teritorrial commands and Yugoslav Army units. [passage omitted]

[Matovic] What is the response to call-ups, the response of conscripts when called to attend maneuvers and the response for contract positions advertised by the Army?

[Stojanovic] Lately the situation has gotten somewhat better and generally speaking, the response in all three categories is increasing. However, we are not and cannot be satisfied with the present state of things, because practically only Serbs, Montenegrins, and a stray member of a minority are joining the Army. More precisely, about 50 percent of those up for recruitment respond. This varies from generation to generation, so that we are forced to go on calling conscripts specialized for certain purposes to be able to keep up the necessary level of combat readiness. It is especially characteristic of our Army that we do not have almost any Albanian soldiers, which means that their boycott continues, and this is not good for either the Army or the Albanians. As for response to advertised positions for contractors, the situation is somewhat better.

[Matovic] In your opinion, how much has been accomplished in realizing the constitutional principle that entails the depoliticization of the Army, what are your next priorities, what are the conditions for success, and what are VOJSKA's responsibilities in this matter?

[Stojanovic] I am aware that this is a process that takes some time and, in my opinion, our depoliticization essentially depends on society's transformation and the founding of the state and its institutions.

There are actually no parties in the Army, which means that in this respect we have fulfilled our constitutional duty, but everything that is happening in society, the competition among parties, influences members of the Army who are interested in their own future and in that of their families. [passage omitted]

[Matovic] In conditions of general poverty and the blockade, how do you care for the soldiers who are now serving their terms in the Army in respect to nutrition, heating, living conditions, and medical care?

[Stojanovic] We try to keep the soldiers' living standard up, in spite of the difficult situation in which we find ourselves. The general poverty has resulted in our not being able to provide variety in nutrition (various fruits, desserts, and the like) as often as we used to, but we have managed to keep up the quality and quantity of their meals. I believe that the situation with clothing and medical care is similar. However, if the present state of things continues much longer, the difficulties will increase with each day. For example, we need 11,800 dinars per soldier per day, 52 percent more for a conscript, while a professional soldier is 88 percent more expensive than a regular one.

[Matovic] The sanctions and the Yugoslav crisis in general have hit the officers, contractors, and their families the hardest, especially those whose every possession has remained in the former Yugoslav republics. What are you doing in this respect, and is it possible to

radically alter the situation with decisions on the level of the 1st Army's Command and the Army?

[Stojanovic] The standing army, particularly the officers, is plagued with worries concerning their status and other existential issues. A special problem is not only the lack of housing space but also the absence of almost elementary living conditions for people who have lost everything they owned in the secessionist republics.

We are doing everything we can to alleviate the situation somewhat, but the difficulties are enormous, and I do not think that we can altogether solve them without substantial help from society. There are hundreds, thousands of such families who despite a large number of family members, are living in one room, and we even have cases where two families live together in a single classroom. We have almost run out of space that can be adapted into living quarters, out of laundries, attics, basements. Many retired officers and their families are also turning to us for help, and we are doing what we can for them.

What are we doing? To alleviate the housing problem, we sell real estate, buildings we no longer need, and then we adapt other space, etc. Moreover, we are planning to grant loans to those who want to build their own homes, etc.

We Will Protect the People and Defend the Territory

[Matovic] I would like to ask you a question I believe a great number of citizens worried about our collective and individual future and about peace on this territory would like to ask. From time to time, we read about terrorist operations on the western border of the 1st Army's zone of responsibility [zona odgovornosti]; there are instances when terrorism is openly predicted or advocated, there are frequent showdowns in public places using the large amount of weapons brought from the front, and smuggling, theft, and the extortion of weapons continues. All this serves to increase the uncertainty of the common man faced with various forms of armed violence. I am aware that a great deal of this is in the domain of the police, but according to the Constitution, and especially according to the people, the Army, too, has a responsibility to do something. How do you, as commander and as a citizen, see this problem?

[Stojanovic] We follow everything that occurs on the borders of our zone, and we have plans in preparation that will deal with this. In addition to this, we know the possibilities of the opponent. With respect to this, we have organized ourselves and there ought not to be any significant surprises. On the western border toward Bosnia-Hercegovina, there were cases of mortar shells falling on to the territory of the Federal Republic of Yugoslavia and I fully understand the concern of the people, but we will do everything to protect the people and the territorial integrity of our fatherland. That is something that the Yugoslav Army and its 1st Army have opted for, and everyone can and must be sure of this.

As for the smuggling, the thievery, and the use of weapons brought from the front, that is primarily in the domain of the police and other branches of the ministry of internal affairs. Moreover, it is the responsibility of the civic state to legally sanction such occurrences.

During the time of operations in east Slavonia, we had about 50 points where, together with organs of the internal affairs ministry, we confiscated enormous amounts of weapons and ammunition. Today we still try to prevent weapons from being brought into the country. We do this in cooperation with the organs of the internal affairs ministry and within the limits of our authority.

National Bank To Issue New Banknotes

LD0402141493 Belgrade TANJUG in English 1311 GMT 4 Feb 93

[Text] Belgrade, Feb 4 (TANJUG)—The National Bank of Yugoslavia (NBJ) is already preparing to release into circulation a 100,000-dinar banknote, worth twice as much as the 50,000-note issued on January 20, Director of the NBJ's Treasury Vojo Tomic has told TANJUG.

If inflation continues to soar at its present rate of three to four per cent a day, we shall soon have a 500,000-dinar note, and even a million dinar banknote, Tomic said.

He added that the mint had stopped making coins because they cost considerably more to produce than their nominal value.

The Federal Republic of Yugoslavia in 1992 had the world's highest rate of inflation—19,810 per cent—while in January 1993 alone prices grew by no less than 100.6 per cent.

Yugoslav economic experts say hyper-inflation cannot be curbed as long as the country remains isolated from the rest of the world—a production revival and an influx of foreign capital are among the fundamental prerequisites for a recovery.

Economic links with the world have been almost totally nonexistent since on May 30 last year the U.N. Security Council imposed tough economic and political sanctions on the Federal Republic of Yugoslavia, which is made up of Serbia and Montenegro, two of the former Yugoslavia's six republics, on account of its alleged involvement in the civil war in breakaway Bosnia-Hercegovina.

Jugoskandik Banking Methods Failing

93BA0529B Belgrade NIN in Serbo-Croatian 22 Jan 93 p 30

[Article by Vesna Kostic: "Have No Fear, Depositor (2): 24-Carat House of Cards"]

[Text] *Banking has apparently driven Jezdimir Vasiljevic (and others) into a corner, as evidenced by his latest invention—every deposit of 350 marks is guaranteed "gold backing" worth barely 165 marks.*

It appears that this country is definitively becoming the yardstick for everything that is out of this world: Twenty-two years after U.S. President Nixon finally abolished the gold standard, local boss Jezda would like to bring it back. As deceit and turned upside down. And naturally, with a kitschy announcement.

The speculative banking business of Jezdimir Vasiljevic (and Dafina Milanovic) has apparently fallen into crisis. Certainly, Boss Jezda must be given credit for the imagination that he demonstrated in attempting to postpone disclosure of the essence of the business in which he is involved: At the International Press Center he recently showed off a tool (!?) for producing 24-carat gold coins weighing 10 grams, which "Jugoskandik" will give as security to customers who place 350 marks on a six-month time deposit. At the same time, the people present had the opportunity to see the gold ingot from which the coin would be minted. All of this is irresistibly reminiscent of the ostentation with which Ms. Dafina Milanovic opened safes full of money, and it also has the same goal: to dissuade depositors from withdrawing their money and to attract new customers. Anyone who understands even a little about banking knows that both these performances are contrary to good business practices, because neither the money in the safe nor the gold in the ingots brings any income, so that Ms. Dafina and Mr. Jezdimir are simply showing them that perhaps they have not even invested their depositors' money in anything sensible.

Judas and Jezda

For centuries, gold was a synonym for the most valuable money, although it has been used as currency in its pure form only for brief periods of time. For example, it is felt to be somehow humiliating that Judas sold Christ for 30 silver coins, which was a normal commercial transaction for that time. It is as if Christians would have an easier time with it if Judas had gotten three gold coins, because that would have had the tone of an exceptional deal (J.K. Galbraith, "Money"). Even after the appearance of paper money (Massachusetts Bay Colony was the first to issue it, in 1690), gold continued to play a central role because of the rule of the gold standard. This states that it is acceptable to print only as much paper money as the issuing institution has in gold, and presupposes that the paper can always be exchanged for gold. This concept was abandoned during the 1930's, and when it returned to the world scene through the agreement of Bretton Woods (1944), it meant that all world currencies that joined the International Monetary Fund system could be exchanged for gold at established rates. The objective of this return to the gold standard was the mutual stability/permanence of exchange rates among the world's currencies. At the end of the 1960's the United States in practice stopped selling gold for dollars, and the gold standard was definitively abandoned in August 1971.

After this story, it should be clearer how Jezdimir Vasiljevic has turned the rule inside out: Instead of gold being the backing for issued paper money, which can be reconverted into gold at any time, (depositors') money is Boss Jezda's backing to issue gold, which can be reconverted into money only six months later. If depositors demand cash earlier, they lose 30 percent of the value of the gold coin.

One for You, Two for Me

The owner of "Jugoskandik" probably thought of gold, of all things, because in the popular consciousness it is a synonym for the most secure refuge for capital, protected from high inflation. It used to be, but no longer is. Not even in Latin America. Even central banks are less and less interested in gold; they hold the world's largest reserves—35,500 metric tons, or 15 years of world production. Indeed, they sell their gold reserves in limited quantities in order to avoid causing major shocks on the market. The abated interest is most of all a consequence of the years of decline in the price of this precious metal. Investors do not want gold either because it does not yield any returns (as do, say, securities) and because it must be kept in vaults, which is an additional expense.

The current price on the world market is a reason to allege that Jezdimir Vasiljevic's move is deceitful. According to figures from a week ago (when "Jugoskandik" showed off the tool and gold ingot), one ounce of gold sold on the world markets for $37.40, meaning that the price of one gram was $10.53. When this is converted into marks, it turns out that Boss Jezda is guaranteeing a deposit of 350 marks with gold worth around 165 marks. Thus, if something goes wrong, depositors will lose "only" a little more than half of their invested money.

Moreover, those investing foreign currency in "Jugoskandik" would have an additional problem, something confronted even by dealers in the Middle Ages. At that time, gold coins were imperceptibly "polished" (either intentionally or due to excessive use), so that their actual value was less than the nominal value. In 1609, this prompted the city of Amsterdam to take a decisive step: the weighing of money was introduced. "Jugoskandik" depositors should proceed in similar fashion, seeking an independent assessment of the weight and purity of the metal included in the gold coin issued. And that will certainly not be free of charge.

Judging from the lack of crowds outside the branches of Boss Jezda's bank, people have not swallowed the gold bait. Indeed, the majority of those with whom a NIN reporter spoke at the beginning of this week were not well informed about the new move by "Jugoskandik." One of them, Antonije Grbovic of Belgrade, who was in the process of withdrawing all of his money from that bank at the time of the interview with NIN, said that it was safer for him "because of this situation" to keep his money at home. Asked whether the offer of gold coins changes his attitude at all, he responded: "Not even that would attract me."

All the symptoms of an end to the chain of good fortune under the sign of "Jugoskandik" and "Dafiment" are

present. The only open questions that remain are how fast these houses of cards will fall, the number of depositors who will suffer, the amount of "redistributed" capital, and the list of people (and institutions) who have benefited from all this.

Serbia

Volunteers Leaving for Krajina

AU0302162293 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 3 Feb 93

[Text] Several dozen volunteers, mainly young people, this morning left for the Knin Krajina organized by the Serbian Radical Party. Volunteers from the Serbian Fatherland Alliance will set off for Knin in a few days' time. Before going to the front, they will undergo brief training. This morning, a number of volunteers left for the Serbian Krajinas from the Timok towns of Zajecar, Negotin, Kladovo, and Knjazevac.

Sandzak Muslims Said Dodging Serbian Draft

AU0402213993 Belgrade VOJSKA in Serbo-Croatian 28 Jan 93 p 17

[Report by Mladen Marjanovic: "The Muslim Boycott of Military Service"]

[Text] Since September 1991 the military headquarters of the Raska region has tried many times to effect mobilization. However, in the municipalities of Novi Pazar, Sjenica, and Tutin only the Serbs have responded, while the Muslims, who make up 70 percent of the population, have boycotted in various ways both the draft and the mobilization.

Because the Muslims in Raska have absented themselves from the Yugoslav Army by disregarding mobilization, they should have at least returned their uniforms. However, few of them responded to this request either. The fact is that no one knows exactly who owns a uniform, because the records were kept by officers of disbanded garrisons in former Yugoslavia, and this makes things worse still. The first order to return the uniforms was sent out in June, and others followed in July, August, October, and December. The response was very scanty, although it was clearly stated that family members of draftees can also return the uniforms. According to the records of the draft board of the Novi Pazar Regiment, 970 men did not return their uniforms, in the Raska Regiment the figure was 1,167, in the Kosovo-Mitrovica Regiment 200, and in the Novi Pazar Banja Regiment 200.

Police Effect Boycott

The sole act of sending the summons requires a lot of effort, time, and expense, particularly if it has to be repeated. This applies both to draftees and to reservists. Although the draft board usually sends the summons one month in advance, the Muslims in these regions disregard it, even if it only asks them to return their uniforms. This is a classic example of avoiding the summons. Thus there are excuses such as "He is not at home," and people do not open their doors to the postman..... The draft board has tried various ways of reaching the draftees, but without results—they were prewarned. It is almost a public secret that the Muslims have developed a parallel system of informing people, which is much faster than the Army can deliver their summons. The police in this region recruit both Muslim and Serb officers, so when the draft board demands that somebody should present himself, there has always been some Muslim officer to warn him to hide in time.

Last year 922 summonses were sent to draftees (all of them to Muslims from Sjenica, Tutina, and Novi Pazar), but almost all of the summonses were returned. Major Radisav Andjelkovic, an aide to the commander of the draft board, tried to improve the situation by direct contacts. He visited the precincts of Duga Poljana and Razdaginje in Sjenica, and the precincts of Delimedja and Leskova in Tutin. He was openly told by the Muslims there that they do not want to serve in the "chetnik army", and that the Army is an "aggressor."

In the last year, 160 decisions for draft postponement based on documentation were administered. Because many draftees had enclosed a certificate to show that they were full-time students at Pristina University, the draft board examined those documents and found out that most of the young men were either not students at all, or were no longer on the list of full-time students at Pristina University.

During the mobilization, the Army managed to recover 240 registered vehicles. All the Muslims who returned those vehicles were offered jobs as drivers, but not a single one accepted. However, it is not only the Muslims who refuse the call-up.

Double-Faced Justice

The Army was not successful in summoning Muslims to do their military duty. It never even occurred to the police to lend a helping hand to the Army. Various charges were brought in the municipal courts, which are obliged to conduct legal proceedings at the Army's request, but not even justice was "in the mood" to do its job. In all, 1,130 charges were brought against the draftees and reservists, and the courts upheld 149 of them. In Novi Pazar, for instance, out of 267 legal actions that were taken, 14 were dropped, and 45 resulted in a sentence. Of these 45 men, 18 were sent to prison, and one was fined. The charges were brought in December 1991, and they are still gathering dust in the drawers of the Novi Pazar magistrate. In Tutin, 340 legal actions were initiated, 28 people were sentenced to prison, while two charges were dropped. Two charges were also brought against draftees. In Sjenica, Judge Dragan Kuc is the only one who cooperates with the Army, conscientiously performing his duty. According to

Andjelkovic, wherever the judge is a Muslim, there exists neither efficiency, nor the appropriate sentencing.

In November 1991 charges were brought against Sulejman Ugljanin, the leader of the Party of Democratic Action for Sandzak [SDA], and Rasim Ljajic, secretary of the SDA, who had not appeared for mobilization, but the court did nothing about it, which means that justice has been double-faced toward the reservists. However, according to Andjelkovic, one cannot doubt that if the court had sentenced them, that would have had a positive effect on other reservists, and the situation would not be so difficult now.

The draft board refused to grant permission for the issuing of passports to many reservists and draftees who wanted to leave the country and thereby dodge their military service. However, those who are not registered as draftees can still get passports, and the draft board cannot control them.

It is not hard to guess what this massive Muslim boycott of military service means in the present situation in Sandzak, especially if one knows that restructuring of units has still not been completed, that there are a secret network and secret message channels within the SDA and the Muslim Bosniak Organization [MBO], and that there have been various kinds of speculation about the 15,000 armed Muslim troops, who have largely Army equipment that has never been returned.

[Box, p 17]

Leaders as Examples

According to Branko Samcevic, a clerk on the draft board of Novi Pazar, since September 1991 around 2,000 Muslims have been summoned to take part in various maneuvers or mobilization. Only four men appeared. The police managed to mobilize another seven reservists who were sent to Hercegovina, but as soon as they arrived, a van sent by the SDA picked them up and took them home. Many charges have been brought, but few reservists have been sentenced. The municipal staff of the territorial defense in Novi Pazar is still requesting the return of 1,238 uniforms, and reservists from Raska are withholding another 1,000 more. The reason for such a weak response to the draft and mobilization among Muslims is to be found in the activities of the SDA, and lately also the MBO. Their leaders serve as examples. Kasim Zoranic, chairman of the MBO, a colonel in the reserves and a former aide in the Army's department in charge of military ethics, sent a message that if the Army needs his uniform, it should pick it up itself.

Sergeant Milorad Radosevic, inventory officer in the Raska garrison, on 12 and 13 December last year carried out a collection of uniforms. For the second time, 489 reservists were requested to return their uniforms, but only 23 men did so, and it was mostly elderly family members who brought in the uniforms. In October 1,400 men were contacted, 780 of whom responded, and 600 returned their uniforms.

Petroleum Roads, Sanctions Evasion Tactics

93BA0529A Belgrade NIN in Serbo-Croatian 22 Jan 93 p 31

[Article by Srboljub Bogdanovic: "Petroleum Road: Move Along, Brother!"]

[Text] *Bozovic was right: "The sanctions will lift themselves by force of the laws of the market." The only thing is that everything has become very expensive—only human life has become cheaper.*

The bad news is that the latest price of gasoline in Belgrade is nearly two marks. The good news is that it is available.

Where is the fuel in Serbia coming from, even if it is expensive, if it is not coming from "preelection boreholes" in Vojvodina, like the wags are saying? Visiting the responsible agencies and ministries for the purpose of learning how much longer we can hold out with the existing petroleum reserves got us no further than the statement that "it is not advisable to publish that sort of information, lest the public become upset." This stance is somewhat astonishing if one knows that the official version proclaimed—moreover, from the highest post in the republic—that "there is oil."

Thus, one does not know how much oil there is, and instead of a response we can only say that the best thing is for the readers themselves to imagine the quantity that might cause them to be upset.

"Oil is arriving by land and by sea," we are told by Toma ("for journalists I am simply Toma"). Toma has been involved in importing oil for months now, and during that time he has turned over millions. "Marks or dollars, it's all the same.

"The main quantities arrive by ship or by train, and not by truck, as people think. Still, a large part of the fuel that is flowing at the pumps is imported by truck, and right now that is the main small-scale business in Serbia," says Toma.

Petroleum is imported by companies that are officially registered in Bosnia or Croatia, because the embargo does not apply to those countries. Bosnia or Croatia is also given as the destination of the shipment, while formally it is only in transit through Yugoslavia. The oil is emptied out here, and then confirmation is received from Bosnia or Croatia that the tanker trucks arrived wherever their documentation states.

It sounds simple. However, this type of importing is raising the price of oil. How much is the embargo actually costing us?

Take It or Leave It

D.T. is the owner of a company registered in B-H [Bosnia-Hercegovina]. He insists that importing oil like he is doing is completely legal and clean, although during

the course of our interview he notes several times that his name should not be published.

"I purchase petroleum in Bulgaria or Greece at the price that applies to all foreign buyers. When I pay all the expenses and sell the oil in Belgrade 'first-hand,' it is one and a half times more expensive than it would be otherwise. This covers all expenses, including the fact that the trucks must be registered in B-H because the embargo applies to Yugoslav shippers. Transport certainly raises the selling price most of all. Under normal conditions, petroleum is transported by ship and by train, not by truck."

When it is noted that the applicable high duty is not paid on oil imported and sold in this way, he responds:

"Why would I pay duty to the state for oil that is in transit?"

This business is successful, for now, despite all the measures taken by the United Nations and the EC. Experts in international affairs say that the goal of the embargo is not to prevent the import of any commodity because it is known that such a thing is not feasible in practice, but rather to raise the price of that commodity as high as possible in order to punish the country. If it were not for our neighbor, the embargo would possibly be even more expensive.

"When I go to Greece for a new round, I am obligated by regulations to show confirmation that the previous round arrived at its destination. I say, 'I will bring it next time,' and I have done this eight times. Of course, the Greeks know everything," Toma says. "We should be grateful to those people. In Bulgaria they sometimes decide to respect the rules and the embargo, but you can always find some customs official who waves you on—'move along, brother!' They get a bribe for that, but they are not doing it because of the bribe, but rather because they want to help."

Nevertheless, it does happen that a truck is not allowed into Serbia. What then?

"In practice, it is worthwhile to try to return the oil to the refinery, or even to dump it out into a canal on the spot in order not to lose time. In theory, you can drive around to Hungary and then into Baranja, and thus through Erdut and the UNPROFOR [United Nations Protection Force] and into Yugoslavia."

Why through Erdut? "The UNPROFOR units there are made up of Russians."

Cheated Pump Operators

The fact that those who said that the United Nations would not be able to deal with Balkan ruses were right is reflected in a public, widely accepted secret, the accuracy of which is confirmed by our sources.

Tankers sail up the Danube from Romania toward Yugoslavia, while petroleum comes down the Danube for Romania. In accordance with the sanctions, UNPROFOR observers stop ships headed for Yugoslavia at the Iron Gate, and the Yugoslav authorities, in reciprocal fashion, seize oil that is headed for Romania. Thus, the Romanians can simply use our oil, and we theirs. It is inconceivable that this sort of transaction could be feasible without agreement at a high level, and not only tacitly.

The petroleum acquired in this and similar ways for consumers in Yugoslavia is between 30 and 80 percent more expensive. This price includes everything—from transport to "payoff" expenses, to the risk that the shipment will not even arrive. The most expensive oil is that sold by Greeks in certain arrangements, but in that case the Greeks guarantee delivery to Yugoslavia! How this is done and where it comes from—"don't ask; and if I knew I wouldn't say."

The pump owners who agreed to talk to the press are angry at attempts by the state to force them to pay tax on the sold fuel.

"If I had known that I would be paying both for expensive petroleum and a tax, I would not have even opened my pump," complains one pump operator.

Our source Toma sympathizes with the problems of the private pump owners.

"We got into this business with the tacit understanding with the state that we would earn something and help the state to get around the embargo. Between 200 and 300 people with their families live off of my company. If I have to pay a tax now, in addition to all the expenses from the embargo, then it is more worth my while to import citrus fruit."

Tax is paid only on petroleum and derivatives for which it is possible to determine its origin—meaning the petroleum imported by ship and train by major importers, among whom the name of the unavoidable "Dafiment" is heard most often. The channels used by major importers are such that no one talks about them. They say that "big shots" are involved in this as well. Mention is made of former top government officials who have exchanged politics for business, naturally, not entirely private business. Asked why they buy oil from these importers, for which they must also pay a tax, the pump owners respond:

"The other oil is not enough. It is not possible to import oil only by truck. Even the United States does not have that many trucks."

But despite the fact that things are never so bad that they cannot get worse, the best thing to do would be to find a way to get rid of the optimistic economic philosophy of the current government: Everything that hurts us, strengthens us. We have grown strong enough.

Montenegro

Montenegro Reiterates Aspirations Toward Prevlaka

AU0202175593 Zagreb VJESNIK in Serbo-Croatian 29 Jan 93 p 8

[HINA report: "Montenegrin Minister Is Threatening To Occupy Prevlaka"]

[Text] Herceg Novi—The second meeting of the delegations of the Ministries of Internal Affairs [MUP] of Croatia and Montenegro, led by the respective ministers, Ivan Jarnjak and Nikola Pejakovic, was held in Njivice near Herceg Novi in Montenegro on Thursday [28 January]. The meeting was followed by a news conference. The journalists were first addressed by Montenegrin Minister Pejakovic who stated that "as far as security is concerned, the situation in the area of Prevlaka is relatively favorable," something the police forces of both republics should be given credit for. He pointed out that there had been no serious incidents since the last meeting.

The most important question the Montenegrin side asked in today's meeting was the question of "the blue zone," which does not exist according to the Croatian delegation. Pejakovic said that this was unacceptable to the Montenegrin delegation, explaining this by saying that "the blue zone" should be reserved for UN monitors only, and not for members of the Croatian MUP as well.

"We have stated that we shall not tolerate their moving in and out of this zone any longer. If we enter 'the blue zone,' it will not have this name any more," Pejakovic warned the Croatian side, adding that "in that case it would become a Montenegrin zone, which would be entered in a proper way."

Later he said that—according to the ministry's information—larger military formations of the Republic of Croatia had allegedly been moving around and forming up in the Prevlaka area, which was considered unacceptable. "The peace talks concerning Prevlaka speak absolutely in favor of Prevlaka going to the Federal Republic of Yugoslavia, in other words to the Republic of Montenegro," Pejakovic said, and added: "It need not be stressed particularly that we are ready to take Prevlaka by force if necessary. And this is final."

Mr. Jarnjak said that he was "unpleasantly surprised by what his counterpart declared in front of the journalists." He said that he was astonished by both his tone and his arguments, because these topics had not at all been discussed during the meeting, as can be seen from the minutes adopted by both sides. "We are also going to sign jointly the minutes of the meeting," Jarnjak said. Speaking about the alleged zones, Minister Jarnjak stated that the "Croatian interpretations are based on point three of the joint declaration signed by Tudjman and Cosic in Geneva on 30 September."

"Point three states," Jarnjak added "that security in the Prevlaka area shall be achieved by demilitarization and the deployment of UN monitors, and security in the whole Boka Kotorska and Dubrovnik region by further negotiations." Jarnjak also pointed out that this was the only document on this topic known in the Republic of Croatia. Besides, it had already been discussed at the first meeting of the above mentioned delegations in Cavtat, where "the alleged blue and yellow zones were not even mentioned."

"We insisted today on the interpretation of this document by General Nambiar, because it had not been signed by anybody; General Rashid, the commander of General Satish Nambiar's forces in this area only cited the headquarters of General Nambiar's forces", Minister Jarnjak said.

"We did not come here today to hear saber-rattling and threats, but to solve the problems we are confronted with in an intelligent and reasonable way," Mr. Jarnjak said. He also pointed out that Croatia is primarily interested in "a peaceful solution to the problems in this region and the creation of peace—the principles Croatia has also followed so far."

"As far as the alleged concentration of Croatian forces is concerned, I have to say that this is pure insinuation," Jarnjak stated and added: "We also have information that certain units have been moving on the edge of the demilitarized zone in Montenegro," what is, as Jarnjak said, an internal matter for Montenegro.

Mr. Jarnjak assessed the situation on both sides of the border as satisfactory and said that the Montenegrin side had at this meeting been given a written report by the Croatian MUP on 195 vehicles stolen during the war. The Montenegrin side was asked to consider possibilities for solving this problem, as well as the question of other stolen goods, the quantity of which, according to him, is large. He said that the Montenegrin side had accepted this as an informal act, promising that they will see what they could do about it. This was also confirmed by the Montenegrin minister as a sign of good will.

When asked to repeat his statement on Prevlaka, Mr. Pejakovic said word for word: "The negotiations concerning Prevlaka favor the solution that Prevlaka shall go to the Federal Republic of Yugoslavia, that is to say to Montenegro. This means that we are going to take it by force if necessary."

Vojvodina

Broadcast Chief Orders Adherence to Language Law

LD0402160193 Belgrade TANJUG Domestic Service in Serbo-Croatian 0830 GMT 4 Feb 93

[Excerpt] Novi Sad, 4 Feb (TANJUG)—Milan Todorov, director general of Novi Sad Radio and Television, has

instructed all news and current affairs desks to abide strictly by the Serbian law on the official use of language and alphabet.

Viewers of Novi Sad news bulletins in Hungarian immediately noticed that the announcement for the main news bulletin does not contain the word "Ujvidek." [Hungarian name for Novi Sad] and that Hungarian adjectives for the Serbian adjective Novi Sad has been dropped from the title "Hirado." [Hungarian for News]

The editorial board has concluded that since the newscast tile already contains the abbreviation RTS (Serbian Radio and TV) and the words Novi Sad TV, it is not necessary to further burden the picture and "assault the Hungarian language."

The Democratic Community of Vojvodina Hungarians (DZVM) has been trying, through its deputy Sandor Pala, to change the law in the Serbian Assembly, because it sees the law as "unconstitutional, undemocratic, and uncivilized, and contrary to elementary linguistic and grammatical rules." [passage omitted]

'Critical' Shortage of Medicines Reported

LD0502091293 Belgrade TANJUG Domestic Service in Serbo-Croatian 0819 GMT 5 Feb 93

[Excerpt] Novi Sad, 5 Feb (TANJUG)—There is no medicine in the majority of state-owned pharmacies in Vojvodina. The most critical situation is with medicines for heart disease and respiratory system problems, although there is also an acute shortage of antibiotics.

We have never had such a critical shortage of medications, Nada Canji, director of the Novi Sad pharmaceutical institution, admitted today. Producers are not delivering medicines on time and pharmacies are unable to settle their accounts with distributors, so patients are in a vicious circle. [passage omitted]